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Sub-Saharan Africa Report

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12 March 1986

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NEW TRADE UNION BODY SPEAKS FOR 10 MILLION

Johannesburg THE STAR in English 7 Feb 86 p 12

[Text] Quietly, with very little fanfare, a trade union organisation with enormous potential power is being built up on South Africa's periphery.

Few people in South Africa — even trade unionists — know much about the one-year-old Southern African Trade Union Co-ordination Council (SATUCC) which claims it speaks for about 10 million workers in the countries bound together in the Southern African Development Co-ordination Conference (SADCC).

It is also linked to expatriate trade unionists from South Africa and Namibia.

SATUCC's constituent organisations are:

- The Angolan Organisation of Workers.
- The Botswana Federation of Trade Unions.
- The Swaziland Federation of Trade Unions.
- The Lesotho Congress of Free Trade Unions.
- The Congress of Malawi Trade Unions.
- The Organisation of Mozambique Workers.
- The Zambian Congress of Trade Unions.
- The Zimbabwe Congress of Trade Unions.
- The National Union of Tanzania Workers.

Represented

South African workers are represented by the Azania Trade Union Co-ordination Centre, allied

to the Pan Africanist Congress, and the South African Congress of Trade Unions, allied to the African National Congress, while Namibia is represented by the National Union of Namibian Workers.

Although not part of SADCC, SATUCC was formed to parallel the nine-nation organisation which seeks to make Southern Africa less dependent on South Africa and the South African economy.

SATUCC keeps step with SADCC, rotating its chairman (and its administration) every four years.

The chairman of the host country's national trade union organisation is automatically SATUCC chairman.

Botswana provided the first chairman, Mr G B Matlhoane, chairman of Botswana's National Union of Mineworkers and of the Botswana Federation of Trade Unions.

However, Mr Matlhoane resigned recently and has been replaced by his deputy, Mr B C Nthune, in both the BFTU and SATUCC.

In an interview in Gaborone, Mr Nthune, vice-chairman of the Botswana Diamond Sorters and Evaluators and a bright, energetic man who will shortly leave the trade union movement because he has been promoted to a managerial position, said his successor as chairman of the BFTU would be elected at a conference in Gaborone on March 9 — and would then automatically become chairman of SATUCC.

Conditions

Mr Nthune conceded that SATUCC was trying to weld into an effective organisation a variety of trade union movements in countries which had a disparate — and often unsympathetic — attitude to trade unionism.

"But we will try to create a movement that will bring better living and working conditions for the workers of the region. That is our first priority."

"We are not worried about a country's political norms or systems, as long as there is an effective functioning relationship between trade unionists and employers, whether the employers are private or government."

Asked about South Africa, Mr Nthune replied: "South Africa is important and we have a programme of action aimed at supporting the black workers of South Africa ... but you must understand that until South Africa can become a member of SADCC, our involvement in the country must be peripheral.

"Our main commitment is to the workers in our member countries."

Asked about sources of finance, Mr Nthune said SATUCC would take aid from "whoever gives us money, white black, red or pink" as long as no strings were attached to the aid.

SATUCC's 'programme of action on South Africa' was adopted at a "consultative meeting on South Africa and Namibia" earlier this year.

The programme is largely rhetorical condemning this and demanding that.

However it includes:

- A commitment on SATUCC's part to pursue "socio-economic and political action" until South Africa is "completely liberated".

Assistance

- A call to the SADCC governments to continue providing "flexible conditions and material assistance" to the South African and Namibian "liberation movements".
- A commitment to establish a "solidarity fund" to aid South African and Namibian trade unions.
- A call on SADCC countries to discriminate against goods which come from South Africa "unnecessarily".

SATUCC also decided at the conference to call on all SADCC countries to attempt to provide a long-term solution to the problems involving migrant labour to South Africa, together with a short-term programme aimed at aiding migrant workers in the event that they are expelled from South Africa.

The organisation also called on SADCC countries which provided South Africa with migrant labour to provide protective legislation to safeguard their workers from occupational hazards in South Africa.

FINANCE MINISTER GIVES BUDGET SPEECH

MB180849 Gaborone Domestic Service in English 1255 GMT 17 Feb 86

[Budget Speech by Botswana Minister of Finance and Economic Development Peter Mmusi delivered in the National Assembly in Gaborone--live]

[Excerpts] Mr Speaker, for 1984-85 fiscal year total revenues were 803 million pula, of which 40 million were grants. This is some 57 million higher than the estimate I reported last year, which were themselves greater than the original appropriation. The second underestimation was caused in the main by higher-than-anticipated profits from the Bank of Botswana. Overall expenditure was 615 million, comprising 342 million pula for the recurrent budget, 210 million pula for development expenditure, net on lendings [as heard] of 6 million, and 2.4 million pula for the productive employment development fund. These final figures do not differ significantly from the estimates that I reported last year. Thus, the overall surplus for 1984-85 was 188 million pula. The main effect of this was to increase government cash balances.

Mr Speaker, turning now to the revised estimates for 1985-86, total expenditures are now expected to reach 773 million pula. This is 51 million pula higher than the original budget. Twenty million pula of the additional expenditure is accounted for by increased development expenditure. The increase in expenditure has been more than matched by higher-than-anticipated revenues. These are now estimated at 242 million pula. However, from what I have already said, it should be clear that this is largely due to movements in the exchange rates rather than any firm improvement in the diamond market.

Mr Speaker, we cannot rule out a substantial reduction in revenue in the future. With this in mind, I turn now to the budget proposals for 1986-87.

His excellency the president appointed a salaries review commission last year to review the salaries of public service as a whole, including the police, the Botswana Defense Force, the United Local Government Service, the Unified Teaching Service, Tribal Administration, and the Industrial (?class).

The commission started its work on 25 August 1985 and submitted its report on 18 December. After careful consideration of its recommendations, the government accepted salaries wages increases, inclusive of annual increments of a minimum range from 20, for the bottom grade, and 15 percent for other grades,

and a decompressed salary structure. This is a modified version of the commission's recommendations of 13 percent increase for the entry points of the bottom grades and 15 percent for the middle grades.

Mr Speaker, I wish to call the attention of honorable members and the nation as a whole to the tasks that the commission faced in its work. While there was a pressing need to come up with salaries and wages adjustments that could compensate those Botswana in formal employment for the effects of inflation of their income and perhaps even to increase them in real terms, there was another overriding consideration regarding the welfare of those seeking jobs in the formal sector. To this end, the salary increases recommended by the commission and accepted in modified form by government represent a compromise between opposing objectives of employment creation and large salary increases for those in formal sector employment.

Large salary increases would stifle the employment creation objectives because, as the cost of labor increases, employers choose the capital intensive methods and save on labor.

Mr Speaker, I want to reiterate that the government remains committed to the incomes policy, the objective of which is to maintain a reasonable balance between the minimum wage in the formal sector jobs and the average income in the productive sector of the rural economy.

Mr Speaker, as I have already intimated, this honorable house approved a government white paper in 1982 which, among other important issues, contained therein recognized the compressed nature of the salary levels of the super-scale cadre and the need to improve them. In pursuance of these objectives, the commission recommended the decompression of the salaries of the super-scale cadre by instituting a 10 percent differential between the respective super-scale salaries. The government has accepted the commission's recommendation on decompression, taking into account the increased responsibility shouldered by officers in the cadre but with somewhat reduced figures.

For the coming financial year we have adopted a new accounting procedure for the treatment of Central Transport Organization [CTO] services. Payments for the Central Transport Organization services are now treated as expenditure by the ministry concerned as well as by the CTO. However, this is met by an equal increase in CTO revenues. Any meaningful comparison with figures produced in previous years must take into account this amount 37 million pula, which represents no real change.

Mr Speaker, the total for the financial year 1986-1987 is expected to (?reach) 1,195 million pula, representing a nominal increase of 14.3 percent on the latest estimate for 1985-1986. It is worth noting, Mr Speaker, that our total revenue should pass 1 billion for the first time. This is a historic achievement bearing in mind that in 1967-1968, the first full financial year after independence, the total revenues were the equivalent of 15.4 million pula. Of this, Mr Speaker, 9 million pula took the form of aid.

The main elements of the revenue estimates are 686 million from diamonds; 193.5 million from the customs' pool; and 109.4 million pula from land mineral tax income.

Mr Speaker, recurrent expenditure for the coming financial year is expected to be 528 million. This includes statutory and constitutional items. (?Some) nominal increase on the latest estimates is 14.5 percent.

Mr Speaker, the government takes its manpower planning very seriously; paying particular attention to the needs of the economy as a whole, hence the continuation of our policy of (?sharing) skilled manpower with the nongovernment sector. This year, we believe that the manpower budget exercise has achieved greater coordination with the more general departmental growth target. A total of 1,400 new posts has been approved. This is an overall increase of 6 percent with the total establishment rising from 24,040. Of these, 442 are in the A and the B categories.

The government has also decided to increase (?their) support of the brigades' movements, recognizing the important task they can play in manpower development, especially in the rural areas.

I now turn, Mr Speaker, to the development budget proposals. In 1986-1987, the total appropriation sought will be 349.7 million pula. Of this, 30.3 million is on lending of donor funds and 48 million is for self-liquidating projects, that is, projects that have no recurrent or manpower implications. The rest is for normal drought relief projects. As in previous years, I expected (?actual) spending to be lower than the appropriation. The final figure is likely to be around 310 million pula.

Mr Speaker, the Ministry of Works and Communication will receive the largest allocation: 99.9 million pula, about 100 million pula. It will account for 29 percent of the total appropriation. During 1986-1987, expenditure on the railway network will consume more than half of the ministry's total allocations.

The second largest spender of development funds will be the Ministry of Local Government and Lands with 58.6 million pula or 17 percent of the total appropriation.

The rural development sector will spend 18.8 million, while a further 16.4 million will go to rural areas through labor based and other drought relief projects.

Urban development receives over one third of the ministry's total provision to cater for projects such as development of Gaborone West, phase two; Francstown, phase four; Lobatse, phase two; and Selebi-Pikwe, phase two.

The Ministry of Mineral Resources and Water Affairs will take third position in the budgetary allocation. Of its 45.7 million pula, some 11.7 million pula is for on lending for the Botswana Power Corporation, for the Marupula Power Station project. The Department of Water Affairs, which has the responsibility for locating and developing new water sources, as well as constructing water supplies receives one third of the ministry's budget.

In addition, there is an allocation of 13 million pula for water related activities such as (TGLP) [expansion unknown] groundwater surveys and groundwater resources monitoring and recharging (?as such).

The rest of the allocation will meet the requirements of the ministry's headquarters and departments of mines, electricity, engineering and geological surveys.

Secondary education continues to dominate the development programs of the Ministry of Education which will receive 40.8 million pula or 12 percent of the total appropriation. More than half of this is to be spent on the construction of junior secondary schools and the renovation and improvement of existing facilities.

The University of Botswana has been allocated 6 million to cover a major development over the coming year which include a double storey office block, lecture theater and seminar and tutorial rooms to cater of the increased student numbers and a major computerization program.

The remaining 11.9 million of the ministry's allocation is divided between the departments of technical education, nonformal education, curriculum development and evaluation, and teacher education.

The allocation of the Ministry of Agriculture is 32.1 million, almost double that of the current financial year. Some 65 percent is accounted for by a series of major projects which it is hoped will both increase farming output and provide additional employment opportunities for our people. These include the northern Abattoir, the arable land development program, group (?and commercial rent) development, and the accelerated (?rain-fed) arable program.

Under the current drought program, drought relief measures will continue for the first 6 months of 1986-1987, even if there is a dramatic improvement in the rains.

At present, 3.9 million pula is set aside for this purpose.

In 1986-1987, the share of the state president increases from 3.6 percent to 4.9 percent. Some 86 percent of the total of 17.2 million pula is taken up by the Botswana Defense Force and the Botswana police.

The rest is shared between the department of information and broadcasting, Botswana Institute of Administration and Commerce, the government printer and scheme.

The remaining 55.3 million which represents approximately 16 percent of the total is divided between the ministries of home affairs, commerce and industry, health, and my own ministry, and the departments of justice and external affairs.

Mr Speaker, that concludes the details of the budget for 1986-1987.

In summary, once we take into account the estimates for public debt service funds and revenue stabilization fund, we are currently expecting a surplus in the coming financial year of 292 million pula. Before moving on to discuss financial legislation, I would like to make two general remarks: first, Mr Speaker, I must again take this opportunity to thank the various aid donors for the resources--both time and money--which they have continued to provide over the past year. As I have said previously, this support remains an essential part of our development program. In particular we must express our gratitude to those organizations that have supported us during the current drought. In 1985-1986, we estimated the contributions to drought relief will total some 57,000 tons of food and 7.5 million pula.

Secondly, Mr Speaker, I would like to remark on the way the budget figures fit into our overall development plan. It is apparent that the estimated expenditure for 1986-1987 (?was) somewhat above guidelines set in the national development plan six.

/8918

CSO: 3400/1143

NDJAMENA RADIO CRITICIZES RFI REPORTAGE ON CHAD FIGHTING

AB192143 Ndjamena Domestic Service in French 1845 GMT 19 Feb 86

[Station commentary]

[Text] After the ridiculous scenario reported by one of its correspondents in the occupied zone with a view to psychologically preparing the Libyan aggression of 10 February 1986, Radio France International [RFI] again returned with sweeping and inaccurate statements still favoring the (?utterances) of the unconditional supporters of Tripoli who [words indistinct] the loss inflicted by the Chadian National Armed Forces [FANT] on their masters at Kouba Olanga, Oum Chalouba-Kalait, Zigey, and Koro Toro areas which RFI claims to be still under the control of the Transitional National Union Government [GUNT] and their master.

But what exactly is the RFI reporter aiming at? Is it lack of information? That cannot be the case because we know that the AFP special correspondent, who went to the battlefield, pointed out to all subscribers of AFP, including of course, Radio France International that, and we quote the AFP special correspondent: The government troops totally control Oum Chalouba-Kalait after the violent battle which took place from 11 to 14 February. Many dead bodies of rebel soldiers abandoned here and there can be seen as well as several light machineguns, all-terrain vehicles equipped with canons [words indistinct] were completely sprayed by FANT fire in Oum Chalouba, unquote.

That is the reality! The reality of defeat and damage done by our forces to the enemies were noted by independent sources. Why then does RFI try to counter the accounts of the AFP special correspondent with the statement made by a certain Abderahmane Moussa, another unconditional supporter of Tripoli who lives in Paris, more than 5,000 km away from the battlefield. Is that not a proof of RFI's mind-poisoning campaign aimed, as was the case before 10 February 1986, at preparing people's mind for new Libyan aggression against Chad? We have no choice but to believe so.

In any case, the Chadian people and their valiant army fighting against forces of aggression will be able to face up to Libya and all its mercenaries and all those who sell their dignity and the ethics of their profession for a few pieces of silver.

/8918

CSO: 3400/1157

EXPORT AGREEMENT WITH UK TEXTILE FIRM

Blantyre DAILY TIMES in English 29 Jan 86 pp 1, 3

[Text] A Malawian clothing company is to supply five tons of clothing to a big "quality-conscious" textile firm in the United Kingdom in an export breakthrough which will see the local supplier bagging about half a million Kwacha in the deal.

Press and Shire clothing Limited of Lilongwe started dispatching the order last week to Ireland after formally getting orders from Mr Harry Whittaker, a textile magnate with several companies on the trade in Ireland and elsewhere in the United Kingdom, had paid his first visit to Malawi "to see for myself what this company can produce."

He told the 'Daily Times' in Lilongwe that both the quality and fairly reasonable prices for the clothing--mainly shirts--made him make the orders straight-away.

"I must admit that we first placed the sample orders tongue-in-cheek but we were amazed to see that in about two hours flat, they (Press and Shire) had the sample ready and were of such high quality that they could compete fairly well with Hong Kong--the world's clothing experts," Mr Whittaker remarked.

Mr Michael de Kock, a director in one of Mr Whittaker's businesses, said he had been pleased to accompany his chairman during the Malawi trip which had been a great eye-opener. He added that after seeing the high-quality products by the local clothing company, his organisation was determined to place more orders because the local items were likely to sell well in the United Kingdom.

Meanwhile, the director of operations for Press and Shire Clothing Limited, Mr J. Carter, said the export breakthrough had elated the company's members of staff.

"We are very pleased about it because this proves that Press and Shire makes quality products approved by the international market," he enthused.

Mr Carter stated that the external orders should also tell people in the country something important--"to look more closely at our local products now being wholly endorsed by clothing experts abroad."

Also welcoming the orders, the general manager of Press and Shire Clothing Limited, Mr Sujit Dutta, said it was pleasing to note that the 'made in Malawi' products to grace the international market are exclusively designed, made and supervised by trained Malawian personnel.

/9317

CSO: 3400/1107

BRIEFS

ROAD CLOSINGS ANNOUNCED--Three roads in Mwanza district were temporarily closed to traffic due to wash-away bridges and other damages caused by floods. Announcing this a spokesman for the Mwanza District Council said the roads affected were: Mwanza boma/Thambani (D231), Mwanza Admarc to Kasuza (D239) and Mwanza Admarc to Kunenekude (D287). The spokesman explained that on the Mwanza/Thambani road culverts have been partially washed away at Lipongwe, Ntumba and Kagonamwake. Mpandadzi bridge on the same road and its embankments on both ends were also swept away. On the Mwanza Admarc to Kunenekude road, two gullies have been formed at Chithumbwi while the entire bridge at Kadoole stream on the Mwanza Admarc/Kasuza road has also been washed away. The spokesman said repair works might start soon.--Mana.
[Text] [Blantyre DAILY TIMES in English 28 Jan 86 p 1] The Kambale-Kam'mwamba road in Mwanza district has been closed to traffic with effect from Monday due to extensive damage, caused by heavy rains at Lisungwi bridge. Announcing this, a spokesman from the Mwanza District Council said embankments on the eastern and western side of the Lisungwi bridge together with a pillar have been washed away. The closure of the Kambale-Kamm'wamba road brings the number of closed roads in the district this season to four.
[Text] [Blantyre DAILY TIMES in English 6 Feb 86 p 3] /9317

CSO: 3400/1106

MOZAMBIQUE

BRIEFS

POWER RATIONING INTRODUCED--Control measures in the distribution of electricity in Maputo have been announced following Tuesday's sabotage attacks on two powerlines by the South African-backed MNR terrorists. While the damaged powerline is being repaired, the electricity department will supply electricity by rationed distribution. It also called on the population to avoid extravagant use of electricity. [Text] [Maputo in English to Southern Africa 1800 GMT 6 Feb 86 MB] /8918

CSO: 3400/1157

ANC-INKATHA RIFT REPORTEDLY REMAINS WIDE OPEN

Windhoek THE WINDHOEK ADVERTISER in English 17 Jan 86 p 1

[Article by Patrick Laurence]

[Text]

THE CHANCES of a rapprochement between the ANC and Chief Mangosuthu Buthelezi remain as remote as ever, judging from remarks made by the ANC President, Oliver Tambo on the 74th anniversary of the founding of the ANC.

In his first official comment on the Inkatha President since Inkatha proposed peace talks with the ANC late last year, Tambo said 'there is nothing at the moment which indicates that the rift is going to be mended.'

Speaking slowly, and choosing his words deliberately, Tambo was replying to a question which posed the necessity for unity between rival black movements.

The thrust of his reply was to project the ANC as a force capable of unifying blacks in the struggle against apartheid without the support of Buthelezi.

'The ANC, by the very nature of its formation, is committed to a united struggle of our people, all of them,' he said.

'We believe that our people are basically united behind the ANC in the struggle.'

'We accept that Chief Gatsha Buthelezi is the Chief Minister of Kwazulu, has a position of authori-

ty, can tell people where to go because he is given authority by the (Pretoria) regime. He can tell people he is governing.'

'But we do not accept that our people in that part of South Africa (Kwazulu), have turned their eyes from the struggle.'

'We do not accept that they don't support the ANC. We do not accept that they agree with these ravings (by Buthelezi) against the ANC.'

Recalling that many Zulus had supported the ANC for decades, Tambo said 'It is their organisation. Chief Albert Luthuli (one of Tambo's predecessors as ANC president), lived in that part of the world.'

He added to applause from a selection of the audience which crammed the Namibia Institute Hall in Lusaka:

'It is Chief Gatsha Buthelezi who is fighting his own battles against the ANC. The ANC is too occupied with the struggle to take much notice of what he says.'

Tambo appeared to single out

Buthelezi for special criticism, above even such implacable foes as Kaiser Matanzima of Transkei, Lennox Sebe of Ciskei and Patrick Mphephu of Venda.

A journalist told Tambo: 'Buthelezi says he doesn't understand why you pick him out of all the homeland leaders.'

Tambo responded 'What have the other homeland leaders done? Have they attacked the workers when they went on strike? Have they attacked the ANC when it hit Sasol? Have they killed students (an apparent reference to the death of five students at the University of Zululand in clashes with Inkatha loyalists in October 1983), have they attack members of the UDF, killing them? What have they done? What have they said?'

Buthelezi fired a salvo of his own at the ANC shortly after Tambo's remarks in Lusaka.

'They talk about themselves as the vanguard movement,' he said of the ANC leaders.

'They strut up and down the corridors of the international community as members of a government in exile. They loudly and insistently proclaim themselves to be the sole representatives of the people of South Africa.'

'They tolerate no opposition. They say that blacks must not enter town council politics, and when they do, they murder them brutally by hacking them to pieces, or incinerating them alive.'

'That is democracy for the ANC mission in exile.'

It was put to Tambo at Lusaka that the ANC strategy of making the townships and the country ungovernable amounted to fostering a destructive black-on-black confrontation.

'That was never the strategy of the ANC,' Tambo said. 'The strategy of the ANC was to make apartheid unworkable, the country ungovernable.'

The first move in that direction was to destroy the local structure of the apartheid system on which it intended to build a constitutional structure to serve urban Africans only. That was the regime's plan.

'We said, 'we must chop down the foundations of that structure, so that we won't allow a structure in which there are racially separate constitutional provisions.'

'That would be reinforcing, building on the foundations of apartheid. Therefore the people started calling for the abolition of community councils, calling on

councillors to resign.

'The majority resigned. Those who refused to resign were attacked.'

'That is the element of black vs black. But it was unavoidable. In the result, many councils have been

destroyed. The regime has not been able to succeed with its plans.'

'We have succeeded to that point. They have not made special constitutional provisions to serve the blacks in our country. We insist we are part of South Africa.'

'It was never our policy that there should be black vs black. It was incidental. Black vs black also involves black policemen shooting civilians and children on the orders of their bosses.'

Figures released by the Institute of Race Relations, show that about one third of the 1 028 people killed in township violence between September 84 and January 86, were killed in intra-black fighting.

★ In a statement issued by Chief Gatsha Buthelezi this week, the KwaZulu Chief said he had received warm greetings from jailed ANC leader Nelson Mandela.

The message, sent by post from Pollsmoor Prison, and in Mandela's own handwriting, thanked Buthelezi for 'goodwill and support' received during Mandela's recent illness.

Chief Buthelezi was himself a member of the ANC before it was banned in 1961.

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CSQ: 3400/1113

CAPE TIMES REPORTER BARRED FROM KAOKOLAND

Windhoek THE WINDHOEK ADVERTISER in English 27 Jan 86 p 1

[Text]

A CAPE TIMES reporter on a free-lance assignment for The Advertiser, Mr Tony Weaver, and a photographer, Ms Elizabeth Fish, have been refused permits by the police to enter Kaokoland to cover the trial of a senior nature conservator on poaching charges.

Colonel Hennie Odendaal, the officer in charge of issuing permits, confirmed on Friday that an application by the two journalists had been refused.

He said the police did not have to provide reasons for the refusal and if Mr Weaver and Ms Fish were not happy with the decision they should reapply to the Commissioner of Police, Lieutenant-General Dolf Gouws.

Kaokoland is one of the designated security districts for which a police permit is required under legislation introduced early last year.

Mr Weaver, a former Windhoek bureau chief for South African Associated Newspapers, and Miss Fish had planned to attend the trial on poaching charges

of senior nature conservator, Mr H Pascal-Van Alphen, at Opuwa this Thursday.

Mr Weaver was to cover the trial for *The Cape Times*, *The E P Herald*, *The Windhoek Advertiser*, and *African Wildlife* magazine.

Mr Weaver said he and Miss Fish applied for a permit to Inspector Ben Lange at the Windhoek Police Station last Wednesday.

It was agreed the two journalists would travel to Khorixas to where Inspector Lange would radio the result of the application.

"The result was that it was refused and no reasons were given," Mr Weaver told The Advertiser from Khorixas on Friday.

"I cannot understand why they refused us. We were simply going to cover a court case. It is in the interests of nature conservation to have this case covered by the press and there is a large amount of national and international interest."

Mr Weaver said he had intended speaking to local headmen as part of an investigation into poaching in the area.

The International Union for the Conservation of Nature (IUCN) has declared the desert-dwelling elephants and black rhino of Damaraland and Kaokoland a conservation priority and poaching is one of the main threats to the animals.

Mr Weaver is the second journalist known to have been refused a permit to enter a security district.

Early last year, Ms Gwen Lister, now editor of *The Namibian* newspaper was refused a twelve-month permit to visit various security districts.

When the security districts legislation was announced, Lt-Genl Gouws said the aim of the new law was the safety of the general public in the designated areas.

He was reported as saying that the press would be accommodated and "we do not want to put any stumbling blocks in the way of the press."

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CSO: 3400/1109

PEACE DAY ENDS IN VIOLENCE, 6 ARRESTED

At Least 3 Injured

Windhoek THE WINDHOEK ADVERTISER in English 27 Jan 86 pp 1, 3

[Article by Jean Sutherland]

[Text]

AT LEAST three people were injured in Katutura yesterday as riot police used teargas and quirts to break up an open air festival to celebrate the United Nations International Year of Peace.

Police said 56 people, mainly Swapo members and supporters, had been arrested.

The afternoon saw an ongoing battle between members of the police and people at the open air venue as determined crowds continued to regroup despite teargas raids and sorties by baton-wielding police in camouflage uniform.

After police fired teargas, hostile onlookers pelted the police with rocks on a number of occasions and defiantly gave the black power salute.

Those arrested included Mr Anton Lubowski; the chairman of Swapo's Windhoek Youth League, Mr Mbapuea Mavaengua; and, Ms Ida Jimmy, who was released at the end of last year after serving a five

year prison sentence for a militant speech she made.

A SWA Police liaison officer, Inspector Kerie du Rand, said the 56 were arrested under the Prohibition and Notification of Meetings Act.

They are expected to appear in court today.

A lawyer acting for the 56, Mr Hartmut Ruppel, said he had visited two people with head injuries at the Windhoek and Katutura police stations yesterday afternoon.

Inspector Du Rand said he knew of a woman who had broken her leg when she jumped from a wall to escape the teargas.

While some members of the police treated journalists with courtesy, open hostility was displayed by others.

Journalists watching a large contingent of police lay into a man with quirts were told to leave the scene "or else..."

The photographer of a local English weekly was removed by police "because cameras attract the crowds".

About 80 people had started gathering at an open lot in Katutura for what was billed as an open air festival, arranged by the Swapo Youth League, to mark the UN year of peace when the police arrived.

A braaiyleis fire was on the go and people were singing freedom songs, while some held placards saying 'International Year of Peace 1986'.

A warning to disperse was ignored by the crowd and baton-wielding police moved in to make their first arrests.

At one point a Swapo-office bearer tried to reason with police saying the occasion was not a meeting but a braai and festival of cultural events.

In one clash, the head of the 'Swapo police', Mr Peter Nanyemba, who appeared to argue with the police, was beaten around the head, face and body by at least six policemen using quirts and was led away with blood streaming from his face.

Initially 45 people were arrested.

As the defiant crowd regrouped police moved in three times with teargas. Some people attempted to throw teargas cannisters

back at the police.

However, the crowd continued to gather, eventually swelling to over 100. "Our will will not be broken," one middle-aged woman said.

Some of the Swapo youth members then started making speeches.

"How long are we going to allow this sort of thing to go on," Swapo youth member Elia Kaiyamo asked.

"This is supposed to be a year of peace, but is it so," he asked, referring to the police action provoked by the Swapo Youth League's decision to have a festival, "not a meeting", to mark the occasion.

A large contingent of riot police, including two

armoured vehicles, then moved in and blanketed the area with teargas, arresting another 11 people.

One resident told The Advertiser, people about a kilometre away had felt the effects of the teargas. Others condemned what they felt was an excessive use of violence by the police.

After the crowd had been dispersed, scores of riot police continued to patrol Katutura late yesterday afternoon, while in many areas people continued to congregate at street corners.

Clashes between police and Swapo sympathisers

have shown a sharp increase in the last year.

In May teargas was used to disperse a Cassinga Day crowd; on June 17 police threw teargas and baton-charged people demonstrating against the installation of the Transitional Government; in August teargas and batons were used to break up a Namibia Day; a day later, baton-wielding police broke up an impromptu demonstration by Swapo supporters in Kaiser Street; and, at the end of September, 75 Swapo supporters were arrested outside the magistrates court for allegedly staging an unlawful demonstration.

Editorial Challenges Law

Windhoek THE WINDHOEK ADVERTISER in English 27 Jan 86 p 3

[Editorial by Brian Jones]

[Text]

If the Transitional Government respects its own Bill of Rights it should seriously reconsider the Security Districts legislation—which effectively places a restriction on freedom of movement—and on the Prohibition and Notification of Meetings Act—which prevents certain organisations from holding public meetings.

Public assurances were given that the Security Districts legislation would not be used to restrict movement from one area to another, or prevent journalists from carrying out their work.

Yet on Friday a journalist wishing to attend a poaching trial at Opuwa in Kaokoland was refused a permit to enter the region and no reasons for this decision were given.

On Sunday, a Swapo Youth League gathering was broken up by police using tear gas and quirts, and 56 people were arrested because it was allegedly in contravention of the Notification and Prohibition of Meetings Act.

The confrontation between the police and the crowd meant the incident became national and international news, yet if no arrests had been made the gathering would have gained little attention beyond the local press.

If those who were arrested are found to have broken the law, then they can be blamed for knowingly holding an illegal meeting.

But in this case the law is also at fault.

The legislation is aimed at parties which propagate the violent overthrow of the state which is a reasonable enough law in any democratic society.

But Namibia is anything but a fully-fledged democracy, and Swapo, the organisation at which the law is chiefly aimed, is one of the main protagonists in the Namibian drama. Further, and more importantly, it is not a banned organisation.

A law that forbids the gatherings of certain parties while the parties themselves are legal is schizophrenic and a potential source of friction.

And surely it is time that the report of the Van Dyk Commission of Inquiry into security legislation be released so the whole range of security laws can be reviewed publicly.

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CSO: 3400/1109

NAMIBIA

DEMOCRATIC TURNHALLE ALLIANCE TO TRY TO BECOME SINGLE PARTY

Windhoek THE WINDHOEK ADVERTISER in English 16 Jan 86 p 1

[Text]

THE Democratic Turnhalle Alliance (DTA) would have to work this year towards reconstituting itself as a single party, its general secretary, Mr Johann de Waal, told the Advertiser this morning.

He was approached for comment on the DTA's attitude towards the two Caprivi parties affiliated to the alliance following the splits last year of the Caprivi Alliance Party and Canu and the formation of the United Democratic Party.

The Caprivi partis are now based almost entirely on tribal divisions.

Mr de Waal said ethnicity was one of the major problems facing the country and had also caused problems within the DTA.

"It is probably time we became more of a party which individuals can join".

There had been talk for some time of the DTA becoming a party instead of an alliance of ethnically

based parties, but some people were reluctant to give up their ethnic power bases.

"I personally believe we must work towards a single party. We must work towards unity as we are the only party that has people from all the tribes and groups. We must take it one step further now."

"We will have to work on that through this year," Mr de waal said.

Earlier attempts to forge the DTA into a single party broke over the anvil of ethnicity and led to the depar-

ture of party president Mr Peter Kalangula to form the Christian Democratic Action for Social Justice (CDA).

He was joined by senior DTA member, Mr Werner Neef, but since then the CDA has remained an almost exclusively Owambo organisation.

On Tuesday, the Chairman of the Constitutional Council, Mr Justice Victor Hiemstra, said that under the accepted guidelines for the Multi-party Conference's proposed constitution, there was "no room for political parties based on ethnicity".

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CSO: 3400/1113

NAMIBIA

NO MECHANISM SEEN TO DEAL WITH POLITICAL OBJECTORS

Windhoek THE WINDHOEK ADVERTISER in English 10 Jan 86 pp 1, 3

[Article by Jim Freeman]

[Text]

THE ABSENCE of an independent judicial body to consider applications for national service exemption for either political or religious reasons is further fuelling the controversy around the reported flight from the country of three white Namibians from prominent families to escape compulsory army service.

According to SWATF spokesman Major Fanie Krige people applying for exemption from military duty for religious reasons had to submit their motivations to the registering officials of the Force.

The matter was taken up from there, he said.

However, this conflicts with the provisions of the amended South African Defence Act—applicable in Namibia—which provides for the creation of an independent board for religiously-motivated conscientious objectors. The board is chaired by a Supreme Court judge.

Major Krige told The Advertiser that a similar body had not been convened in Namibia because it was felt there was little or no call for it.

It was reported in an English weekly today that three university graduates, Mr Hanno Rumpf, Mr Wilfried Brock and Mr Steve Scholtz had fled the country because, as members or supporters of Swapo, they were not prepared to undergo military training.

Neither the SADF nor the SWATF provides for exemption from national service on political grounds.

In this regard, a number of vital differences exist between the situation in the Republic and locally.

South Africa has not legislated that all blacks must register for two years

conscription to the forces. In Namibia everyone south of the operational area is liable for service.

According to legal sources in Windhoek, hundreds of blacks have crossed into neighbouring countries rather than fight for the SWATF since the conscription of other races into the ranks of the security forces began in August 1980.

An application for exemption on political grounds heard in the Windhoek Supreme Court, that of Swapo member Mr Eric Binga, was rejected by the full bench and is on appeal at the Appellate Division in Bloemfontein.

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CSO: 3400/1111

NAMIBIA

CONSTITUTION TERMED DEVIATION FROM UN RESOLUTION 435

Windhoek THE WINDHOEK ADVERTISER in English 14 Jan 86 p 3

[Article by Jean Sutherland]

[Text]

THE CONTROVERSIAL Constitutional Council of the Transitional Government began meeting in Windhoek yesterday to draft a constitution for the Territory based largely on the an 1981 amendment to UN Resolution 435.

Since his appointment as chairman of the council, Mr Justice Victor Hiemstra, has repeatedly emphasized that the council would use the Western Five Contact Group's constitutional principles as a guideline.

In practice, what does this entail?

The Western peace plan for Namibia, originally presented to South Africa, the Namibian parties and various African states in the last week of October 1981, is contained in a document entitled "Principles Concerning the Constituent Assembly and the Constitution for an Independent Namibia".

DEVIATION FROM 435

To the extent that the "Principles" provide for a constitution to be drawn up before elections, they

represent a major modification of UN Security Council Resolution 435.

In terms of 435, UN-supervised elections should precede the creation of a Constituent Assembly to draw up a constitution for an independent Namibia a procedure roundly rejected by South Africa at the Geneva Conference in January 1981 as under a "winner-takes-all" arrangement, the party winning the elections would be able to impose its own constitution no matter how unpopular it might be with South Africa.

While South Africa has apparently modelled the Constitutional Council on the Constituent Assembly, there is a key difference.

Section A of the Western Five's proposals provides for a Constituent Assembly which "should be elected ... to ensure fair representation in that body to different political groups representing the people of Namibia".

THE PRINCIPLES

It provides that the Constituent Assembly will formulate the constitution in accordance with the following principles:

1. Namibia will be a UNITARY, sovereign and democratic state.
2. The constitution will be the SUPREME LAW of the state. It may be amended only by a designated process of either the legislature or the votes cast in a

popular referendum.

3. The constitution will provide for a system of government with THREE BRANCHES! an elected executive branch which will be responsible to the legislative branch to be elected by universal and equal suffrage which will be responsible for the passage of all laws! and an independent judicial branch which will be responsible for the interpretation of the constitution and for ensuring its supremacy and the authority of the law.

The executive and legislative branches will be constituted by periodic and genuine elections which will be held by a secret vote

4. The electoral system will ensure FAIR REPRESENTATION in the legislature to different political groups representing the people of Namibia, for example, by proportional representation or by appropriate de-

termination of constituencies or by a combination of both.

5. There will be a declaration of FUNDAMENTAL RIGHTS, which will include the rights to life, personal liberty and freedom of movement! to freedom of conscience! to freedom of expression, including freedom of speech and a free press! to freedom of assembly and association, including political parties and trade unions! to due process and equality before the law! to protection from arbitrary deprivation of private property or deprivation of private property without prompt and just compensation! and, to freedom from racial, ethnic, religious or sexual discrimination. The declaration of rights will be consistent with the provisions of the universal Declaration of Human Rights. The declaration of rights will be

enforceable only by the courts, at the instance of an aggrieved individual.

6. It will be forbidden to create CRIMINAL OFFENCES with retrospective effect or to provide for increased penalties with retrospective effect.

7. Provision will be made to secure EQUAL ACCESS by all to recruitment to the public service, the police service and the defence services. The fair administration of personnel policy in relation to these services will be assured by appropriate independent bodies.

8. Private cultural, social, health and educational institutions will be OPEN TO ALL without discrimination.

9. Provision will be made for the establishment of ELECTED COUNCILS for local and regional administrative and fiscal purposes.

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CSO: 3400/1111

JUSTICE HIEMSTRA VIEWS WORK OF CONSTITUTIONAL COUNCIL

Windhoek THE NAMIBIAN in English 17 Jan 86 p 6

[Text]

THE SOCALLED Constitutional Council saw no problem with drawing up a constitution before independence, said Mr Justice Victor Hiemstra, Chairman of the Council, at a press conference this week.

Addressing the press shortly after the Council had gone into recess for an indefinite period, Judge Hiemstra said the Council intended to work 'within the requirements of Resolution 435'. The only 'small difference', he said, was that it was envisaged in terms of Resolution 435 that an elected Constituent Assembly would draw up a constitution, while the 'Constitutional Council' saw no problem with drawing up a constitution which could be presented to that Assembly.

Judge Hiemstra also said he anticipated no 'profound ideological divisions' among the six political groups participating in the Council. As far as he was concerned, all six groups were signatory to the Windhoek Declaration, which laid down that the constitution should be consistent with the Universal Declaration of Human Rights and the International Covenant of Civil and Political Rights, and that this was 'binding' on all parties.

In addition, he said, the 'Constitutional Council' was bound to its declaration of fundamental rights, which left no room for political parties based on ethnicity.

Ethnic representation in a parliament would therefore 'be open to doubt' he said, and added that registration of ethnic groups was 'totally out'.

Disturbingly however, Judge Hiemstra said he wanted to put certain people at ease concerning domination by the majority group, namely the Ovambo-speaking people.

The 'Constitutional Council' would try to ensure that there was no discrimination or domination by a majority group, he said.

The constitution, he continued, emphasising that he was not speaking on behalf of the 'Constitutional Council', would keep state expenditure low, would contain provisions against corruption and would also protect the natural resources of the country from over exploitation.

In answer to questions, Judge Hiemstra said that he felt the 'constitution will gain legitimacy through constantly informing the people'. By the time the constitution was com-

plete, it would be 'well known' to the people, he added.

He was considering a 'foreign constitutional expert' to advise the 'Constitutional Council', Judge Hiemstra said.

When asked about Proclamation AG 8 and whether this would not arouse strong differences within the ranks of the 'Council', Judge Hiemstra said he did not want to involve himself too much in politics.

He himself felt the period of 24 months allotted to the 'Constitutional Council' in which to complete its work, was 'unnecessarily long', but added that 'unexpected problems' could arise in the course of that time.

Judge Hiemstra confirmed that AG 8 would remain on the statute books until such time as it had been replaced by a new constitution. He added that once the constitution had been completed the interim government would have to decide which technique to use to test its acceptability.

It would not become law until it was approved by an elected Constituent Assembly.

'The Constituent Assembly may adopt the constitution as a whole, or reject it and draw up an entirely new constitution' he said.

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CSO: 3400/1111

JUSTICE HIEMSTRA SHEDS LIGHT ON NEW CONSTITUTION

No Repeat of AG 8

Windhoek THE WINDHOEK ADVERTISER in English 7 Jan 86 p 1

[Article by Jean Sutherland]

[Text]

THE CONSTITUTION to be drawn up by the Constitutional Council would in no way resemble Namibia's controversial Proclamation AG 8 according to the newly-appointed Chairman of the Council, Mr Justice Victor Hiemstra.

Expressing caution on "giving too many of my own ideas", the former South African Supreme Court judge felt there would be a distinct difference of emphasis in the "new" constitution.

new Constitution.

He was responding to a question from The Advertiser today whether his earlier statement that ethnicity was a fact of life which would have to be accommodated in the constitution would merely lead to a new version of AG 8.

He felt not. "It depends on the degree.

"Although I implied that ethnicity could clearly not be ignored, it will not be the main factor as in AG 8," he said.

Judge Hiemstra also said the council, which begins work on Monday, would start with a skeleton draft constitution he was drawing up and that he did not

favour the co-option of constitutional experts too early on.

The council would go through the constitution section by section and fill in the particulars.

The co-option of constitutional experts could be very useful Judge Hiemstra said, but he felt the time was not quite ripe now.

"I would prefer to have a general draft drawn up first and to see which points we cannot see enough light ahead on."

He hoped they would reach that stage "in about three months".

The proclamation empowering the Transitional Government makes provision for consultants to be financed out of government funds.

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the first time in the history of the world, the
whole of Europe, all at once, became
a single nation; and that, too, in a
moment of time which did not exceed
one hundred years. The cause of this
revolution was the same as that which
had produced the revolution in America,
and in France; the same spirit of
liberty, the same desire of independence
from the power of the aristocracy,
the same contempt of the nobility,
the same contempt of the clergy,
the same contempt of the king,
the same contempt of the law,
the same contempt of the people,
the same contempt of the world,
the same contempt of God.

While there is broad consensus on the principle of outside advisors, the Cabinet will have to agree on the individuals suggested.

In the past, some parties have consulted experts overseas, but the idea of a team of experts "jointly-owned" by the Cabinet is favoured.

Judge Hiemstra underlined his earlier statement that the constitution would be drawn up using the requirements of the Western Five Contact Group as a broad guideline and said it would be "very democratic".

The public would be kept informed of developments via press conferences, the radio and television, he added.

Press Conference Remarks

Windhoek THE WINDHOEK ADVERTISER in English 14 Jan 86 p 1

[Text]

THE NEW CONSTITUTION to be written by the Constitutional Council within the next 18 to 24 months would remain merely provisional subject to ultimate ratification only after a Namibian settlement.

AG 8 would remain the de facto constitution of the Territory unless and until the Cabinet initiated its amendment or abolition.

At yesterday's press conference, the Chairman of the Constitutional Council, Mr Justice Victor Hiemstra, threw new light on a topic heavily fudged by last year's bitter debates in the National Assembly.

Where the debate had centered around demands for the immediate scrapping of AG 8 and had ended with the decision that it was a matter for the council, it now appears that the ball is back in the Cabinet's court: any new constitution will remain inactive until an internationally-accepted settlement leads to the election of a Constituent Assembly.

This Assembly would then have to ratify the constitution written by the Constitutional Council.

Before such an event, the issue of the amendment or wholesale scrapping of AG 8 will have to be decided by cabinet consensus before being referred to the Council for approval and drafting. If approved, it then has to be passed by the National Assembly.

'AG 8 will remain the constitution of the Territory until a Constituent Assembly has been elected,' Mr Justice Hiemstra said in response to a question.

LEGITIMACY

Dealing with other controversial aspects surrounding the constitution, Judge Hiemstra said the legitimacy of the constitution would be tested but the mechanism was up to the Cabinet.

'Whether the government chooses a referendum or not is up to them,' he said.

In the interim the Council would continually publicise its decisions and invite comment in the form of memoranda.

'My hope is that the constitution will receive legitimacy through continued exposure to the people. Once it is drafted, the

government will still ultimately vote on whether to adopt it.'

A mechanism for dealing with a possible rejection in a referendum had not been decided on.

NO DEEP DIVISIONS

In his opening statement, the Council chairman said there were 'really no deep ideological divisions' between the members of the Transitional Government.

The constitution would be strongly economically orientated, would keep a lid on state spending, contain measures to fight corruption and protect the national resources against exploitation, Mr Justice Hiemstra said.

Ethnicity Given New Twist

Windhoek THE WINDHOEK ADVERTISER in English 14 Jan 86 p 1

[Text]

THE politically explosive issue of ethnic government and ethnically-based parties was given a new twist by the Chairman of the Constitutional Council, Mr Justice Hiemstra, at a press conference yesterday.

'The fear that an ethnic group which is in a strong majority can dominate and disadvantage other groups with a parliamentary majority gained through an appeal to ethnic ties, is unfounded,' he said.

On the other hand 'cultural rights' would be well protected under article A 9 of the Bill of Fundamental Rights.

In writing the constitution, the council would be bound to the 'Windhoek Declaration of Basic Principles' proposed by the MPC last year. It would be guided by

the Universal Declaration of Human Rights, the International Covenant of Civil and Political Rights and the principles laid down by the Western Five as an addendum to UN Security Council Resolution 435.

Mr Justice Hiemstra said while the inclusion of such universally acceptable models would also imply a form of international acceptance of the eventual draft, it would not be subject to international veto.

Under these models there was also 'no room for political parties based on ethnicity', Judge Hiemstra said.

'A law like a Population Registration Act providing for a card showing the holder's ethnic group is therefore totally out and any idea of having ethnic groups represented by parties ethnically organised seems to be open to doubt.'

A number of the parties/alliances constituting the Transitional Government are ethnically-based.

In answer to a question, Judge Hiemstra said his reference to the danger of ethnically based parties dominating the government could be seen as referring to the Owambos.

But this was only meant as an example to reassure those who persistently brought up the potential threat to minorities by a dominant group.

Human Rights Violations Seen

Windhoek THE NAMIBIAN in English 17 Jan 86 p 11

[Article by Gwen Lister]

[Text]

IF THE PRESS CONFERENCE held by Mr Justice Victor Hiemstra, Chairman of the socalled Constitutional Council, is anything to go by, then rather going into 'recess' to discuss 'methods of procedure', the six parties making up the interim government should rather discuss the whole purpose behind the exercise they are currently engaged in, and whether they're not wasting their time and taxpayer's money.

What is the 'Constitutional Council' doing, and is it worth the substantial amount of State funds that have been, and have still to be used in the next two years to draw up a socalled 'independence constitution' for Namibia?

THE HEATED DEBATE ABOUT AG 8
PROBABLY THE MOST 'contentious' item on the agenda of the 'Constitutional Council' is the question of ethnic governments
Proclamation AG 8: Will it stay or go?

For years it has been a case of 'passing the buck' with AG 8. Somehow, everyone denies responsibility. No one quite knows how the Proclamation seemed to get here, and the DTA, one of the parties which ratified AG 8, now pretends indifference.

For some it's a case of: 'It's fine if we control the ethnic government in question, but if we don't, we certainly oppose and try to oust those in the seats of power'. The recent case of the attempted overthrow of Mr Peter Kalangula was a classic example.

The fight over AG 8 has been a protracted one, with most parties in the country bitterly imposed to the 'little empires' and bantustan-type governments it has created.

NO BITTER DIVISIONS, SAYS THE JUDGE

AND WHILE JUDGE HIEMSTRA assures the public that 'there are no deep ideological problems', one wonders whether the National Party, among others, is likely to sanction the scrapping of ethnic governments, notwithstanding the fact that they were signatory to the socalled Windhoek Declaration, or any other declaration for that matter.

In fact the six parties represented in the interim government are signatory to yet another document, namely UN Resolution 435, which all of them approved (some with reservations) several years ago.

This however, they have conveniently forgotten, or have chosen to forget, and it wouldn't be too surprising if they 'forget' about some of the declarations and documents they are presently signatory to.

Just one example of their 'forgetfulness' is the fact that the interim government does not adhere to its own socalled Bill of Fundamental Rights, as recent legislation has amply demonstrated.

SOME MATTERS CONVENIENTLY FORGOTTEN

MATTERS SUCH AS discrimination, ethnicity, exploitation of natural resources and so on, were condemned by the Judge, who implied that 'in a new order', and in terms of the 'new constitution', it was his own interpretation that there would be little room for racial and ethnic discrimination.

He failed however, to mention certain crucial violations of human rights which continue to be perpetrated with socalled Bill of Fundamental Rights is in force. Detention without trial is but one example.

It already appears as if delegates are not taking their task too seriously. If it were such a priority to draw up an independence constitution (as they insist it is), then they would not have gone into recess to determine 'methods of procedure'. And they are being paid well for calling in various 'constitutional experts'! and taking it upon themselves to draw up a constitution for people whom they do not represent.

THE CONTINUING LIP SERVICE TO A 'DEFUNCT' PLAN

DESPITE THEIR OBVIOUS antipathy toward Resolution 435, the interim government members make certain to pay lip service to the settlement plan, claiming that the socalled Council is operating within the parameters of the said Resolution (with one or two small exceptions, of course).

Parties presently in the interim government were among those who have asked the South African Government in the past, to state its intentions with Namibia.

And now the people are calling upon the interim government to do the same.

To state their intentions concerning Namibia. Clearly and unequivocally.

Why should the majority be satisfied with the promise of a better deal to come, but be told simultaneously that the 'constitution' will take two years to write. In the meantime, nothing changes.'

Mr Justice Hiemstra expressed the feeling that the proposed interim government 'constitution' would 'gain legitimacy' through constant information to the people. I have the feeling that he's wrong.

/9317

CSO: 3400/1114

NAMIBIA

VITAL CONSTITUTIONAL ISSUES RAISED IN SUPREME COURT

Windhoek THE WINDHOEK ADVERTISER in English 29 Jan 86 p 3

[Article by Jean Sutherland]

[Text]

VITAL CONSTITUTIONAL issues related to the rights of detainees held under security legislation, the powers of the Transitional Government and the Bill of Fundamental Rights were raised in the Windhoek Supreme Court yesterday.

They arose in an important test case in which it is alleged that detention without trial conflicts with the government's Bill of Rights.

Mr John Akweenda of Onipa brought an urgent application asking the court to order the Cabinet and the head of the Security Police to give reasons why four AG 9 detainees should not be released and why they could not be given access to lawyers.

The Cabinet is opposing the application and in papers before the court, SP head Brigadier Thomas Thomasse alleges that one of the detainees was a member of a cell "actively involved in deeds of terrorism".

MANDELA

In a day of eloquent argument, the findings of eminent African, South

African and Western jurists were drawn on, the approach of slave emancipator William Wilberforce referred to and the case of Nelson Mandela's prison rights quoted.

Mr Ian Farlam, SC, counsel for the detainees, submitted that AG 9 was directly contrary to Article 2 of the Bill of Rights which provides that no-one should be detained for an indefinite period without trial.

"Thus it must follow that AG 9 is unconstitutional," he said, maintaining that it could only continue subject to Proclamation R101, which empowers the Transitional Government and entrenches the Bill of Rights.

"It must be stressed that R101 is not an ordinary constitution. It has to be in-

terpreted purposively as a constitution which purports to give rights — they are a fundamental part of the law."

BETRAY

Mr Farlam said provisions for the continuation of existing laws could not be construed as constituting an inroad or exception to this.

If there was hidden away in the constitution "somewhere between the lines ... some unexpressed limitation of so powerful a character as to effectively undermine and destroy the Bill of Rights ... then it doesn't mean what it purports to say."

People's hopes had been raised by the entrenchment of a Bill of Rights and they would be betrayed if it could be construed in a way

that the rights of inhabitants are cut down.

"Can one impute to the legislators, despite their fair words, such a cynical intention?" he asked.

If they had intended legislation contrary to the Bill of Rights, he felt they would have spelt it out.

ACCESS

Mr Farlam submitted that while Section 4, which provides for detention of up to 30 days, expressly excludes legal access, except with the Cabinet's leave, Section 5, which provides for further detention did not.

The men had all been held for longer than 30 days, the nature of their detention had changed and they were thus entitled to legal access.

Mr Farlam also submitted that affidavits given to the police by the detainees were not relevant to the case.

"Unfortunately it is the experience of courts that these frequently have to be set aside because the condition under which they were made are not known."

NATIONAL SECURITY

While sections of the Bill of Rights was subject to national security, the extent was not clear.

Where necessary the court should decide "but Article 2 is an absolute right and the question of national security cannot prevail over it", Mr Farlam said.

Mr Jeremy Gauntlett, also appearing for the detainees, said while he acknowledged security legislation had provisions "which must be described as severe and draconian, you can be harsh without being unfair".

"There is no necessary inference that procedural right to fairness is excluded."

He quoted an American judge who said "The history of liberty is the history of procedural fairness".

CABINET'S RESPONSE

Mr Jan Hugo, SC, counsel for the Cabinet and Brig Thomasse, said the Bill of

Rights was "not part and parcel of legislation — it forms an annexure".

It did not "magnanimously" govern the whole constitution but only applied where it was incorporated by implication or reference.

"And there are only a few references to the Bill in the Proclamation."

On the question of access, Mr Hugo conceded that in terms of Section 5 of AG 9 legal representation was not entirely excluded "if application is moved".

JUDGEMENT

Judgement has been reserved.

The case was heard before Mr Justice Johan Strydom and Mr Justice H Hendler.

Mr Ian Farlam, SC, and Mr Jeremy Gauntlett, instructed by Mr David Smuts of Lorentz and Bone, appeared for Mr Akweenda.

Mr Jan Hugo, SC, instructed by Mr Chris Brandt, appeared for the state.

/9317
CSO: 3400/1111

DANGER OF UNREALISTIC ECONOMIC OPTIMISM SEEN

Windhoek THE WINDHOEK ADVERTISER in English 10 Jan 86 p 1

[Text]

A CONCERTED campaign to generate a sense of economic optimism for 1986 by some government officials and businessmen in Namibia and South Africa seems to be out of touch with the underlying recessionary realities.

While businessmen and economic analysts approached by The Advertiser over the last two days did not want to act as prophets of gloom and doom, and while they recognized the importance of 'mood' to the health of the economy, they warned of the dangers of creating 'unrealistic' expectations.

"We have heard four years of optimistic forecasts," outspoken businessman, Mr Eric Lang said, emphasizing that no recovery could take place merely by boosting confidence.

"It can only endanger our long-term recovery prospects. It is time we stopped deluding ourselves and started dealing with the fundamental reforms necessary in our country."

Another prominent businessman with extensive interests in the country

said it was highly unlikely as well as unrealistic to promote the notion of a real economic upswing in either South Africa or Namibia.

"The economic fundamentals at this stage still contradict 'good news sermons'."

Year-end forecasts by leading economists of SA banks and building societies generally predicted a significant increase in the inflation rate for '86. Several reports in prominent financial publications quoted estimates of between 20 to 23% inflation.

Rumblings about massive 'hidden' debts discovered by the Swiss banker appointed to negotiate the rescheduling of South Africa's debt burden are considered a

threat to any chance of a recovery of the Rand in the near future.

Without such a recovery massive imported inflation is unlikely to decline soon.

TACKLING THE PROBLEM

Mr Lang said he believed there were steps which could be taken to combat Namibia's problems.

But a consumer-led economic recovery for the Territory was impossible.

"Our recovery can only take place within the parameters of financial discipline and an export-orientated drive," he said.

In the absence of the ability to generate growth, the country had to shrink and redirect spending.

Firstly, expenditure had to be checked by budgetary control.

"The government must systematically reduce its role in the economy, which is around 70% of the Gross Domestic Product (GDP)," he said.

"Although this cannot be done overnight, they should firmly commit themselves to this and aim to come down to about 50%."

Secondly, exports had to be looked at.

"Our economy is mainly an exporting economy and we are benefiting from the exchange rate, but the question must be asked whether the old pattern is going to continue where the income just flows out of the country," he said.

What has the government done so far, he asked.

Further, it was high time there was skilful negotiation for a fairer deal from South Africa.

"As far as the fundamentals were concerned, there is no way a country can consume 80% of its GDP, export 50% and borrow the balance."

He added that an estimated 60% of our own-generated income (i.e. from tax) could go to servicing Namibia's debt this year.

Mr Lang warned that the drop in the Rand was similar to a drop in the barometer pressure, "a signal of stormy times ahead".

As far as the man in the street was concerned, people needed to stay out of debt and run "a very tight personal budget".

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CSO: 3400/1113

FORMER NSO LEADER DISCUSSES TIMELY ISSUES, ROLE OF SECURITY

Kaduna NEW NIGERIAN in English 31 Jan, 1 Feb 86

[Excerpts from a 'New Nigerian Parley' with Alhaji Umaru Shinkafi, former chief of the National Security Organization; time and place not specified]

[31 Jan 86 p 2, 5]

[Excerpt]

ON THE ABORTIVE PLOT

The coursemate syndrome is what causes intense rivalry between coursemates and the higher they go, the more unhealthy, lethal and cannibalistic this rivalry becomes. The best of them as well as the mediocre want to get to the very top all the same. If your coursemate becomes a Brigadier, you immediately by hook or by crook aspire to become one. This is all well and good within normal military hierarchy. But where your coursemate becomes Head of State, for God's sake accept the situation and be loyal to him and help him, Nigeria being what it is, to muddle through. There is only one vacancy for the job and once it is filled, it is treasonable to unlawfully attempt to remove the incumbent.

ON SPECIAL MILITARY TRIBUNAL

I don't support it. I don't support its procedure but I support some redefinition of the law of crime so long as it is practicable and enforceable and can be investigated in a free society and proved openly in court. I don't support drastic shortcuts because I know they don't last.

If you want a special military tribunal to be alternative to courts, I don't like it but if you say that it should for example investigate the NET fire incident and finish with the investigation and look at the complete spectrum of evidence and act, I am for that. You can then say this thing has more than arson in it, maybe it is a subversive act from certain groups of people, the normal court cannot easily dispense with it so it's the special military tribunal, I don't mind. But if you want the special tribunal to stay side by side with courts, even during military regime, it's unhealthy. Babangida's regime has shown that nothing makes government secure cooperation of the public as justice and fair-play. If a people sees that government is fair with them and just, then they are secure and will cooperate with it. However no amount of emergency and iron hand can ensure obedience and good government. It just sends dissent underground.

The Shari'a we are now talking about is the personal law which applies to every mulim, whether he is living in the Shari'a states or not. That there are no courts does not mean that a muslim is not bound by the Shari'a in

his personal relationship such as marriage, inheritance and other interactions. What one would like first of all is to see all the muslims of those areas where Shari'a courts are being operated on a personal note, come together. I don't want it to look like a one-man venture. It is better if the muslims in this places come together and go to government with their wishes and desires so that it will carry weight of numbers. Then hopefully, people will understand it better. I don't agree with the Shari'a itself to be subject to debate. Whether there should be Shari'a courts in the southern states could be debated. But certainly not the Shari'a. Shari'a is an injunction of the almighty Allah and there is no debate that can alter it or change its quality. It has tremendous utility and one ought to try and know its meaning, its service and its ability for developing society like our own. I don't think it should be extended to non-muslims without consultation. However, there is provision for non-muslims in Islam to submit to Shari'a for adjudication of differences in their dealings with muslims. It is a versatile institution. If it is examined objectively without any insinuation, it has room for all in the system.

I back Justice Aguda's call for Islamic and Common Law scholars to get together and fashion out laws that would be Nigerian absolutely. In fact that is what I am saying: that there is too much that is alien in our present laws and there is no way they could be relevant or understood no matter how many languages you translate them into unless their psychology and their origins are rooted in our own background as a people. I think we have enough talent in sociology, Islamic studies and legal studies to give us our own laws. I remember the civilian regime did draw up a blueprint in the Cabinet Office in those days for something to be done for this kind of project to be commenced. I am sure the succeeding military regime did not continue with the project. The beginning of the policy towards setting up this type of legal situation are there in the files of government.

ON NSO

The main offence is exposure. By its name, the NSO or the Special Branch before it is supposed to be an organisation involved in very discreet work. But the moment you begin to expose them to too much limelight, too much overt activity, then you are beginning to compromise their anonymity and consequently their effectiveness.

Secondly, I think in any period whether in my time or that of my predecessor if you rest too much power in the hands of the secret organisation, there is bound to be abuse unless careful arrangements of administering these powers are made and these are the two principal problems. There may be the human factor in leadership. Approaches of leaders of organisations could differ but the main problem is exposure. When the former military regime was getting impatient with existence of rampant malpractices, it began to involve NSO in literally everything on earth. The organisation had no

preparation for being an omnipresent institution. But there was nothing the NSO was not asked to do including distribution of essential commodities in the local government areas. NSO was to vet the recipients and clear traders. It is none of their business. In my time, we forged this intense cooperation with the police so that if something happened which the security forces did not know; they could be easily informed to take over. But if we started an investigation which we thought would ultimately come into the open and be taken to court, then we took it up to the stage we thought we could handle, then we handed it back to the police or we established joint teams, with the police in the forefront and the NSO in the background to handle the issue. So that it is the police you see. Also where the problem had more to do with Customs, we had similar arrangement with them. While they stayed in the forefront, we assisted them with information that we had gathered. This is the secret to the success of the organisation. I think there is need for government to constantly keep these organisations as servants of the system. Not in the forefront. For instance, the NSO was given a seat in the defunct Supreme Military Council and it seemed that it wasn't utilised to tremendous advantage. Not that the earliest director of the NSO was not a member of the SMC, he was, but in his capacity as a senior member of the armed forces. I think it was a mistake that the NSO was given a seat in the highest ruling body. If it is to remain a service and subject to the checks and controls, then it should have remained as a service. So also is the police. I don't believe in the membership of the police and NSO in the highest ruling body of the nation. They have no business with ruling or government. It detracts from the ability of the ruling council to control them if they are members. This is because they tend to explain away to the ruling body. There and then in the council you explain off the issue. If you are not

there members will debate your shortcoming and a decision will be taken and then government will take it up with you and give you directive. From my experience, if you are there, you just explain yourself and that is the end of the matter.

Why does government need police and NSO confidence? It is public confidence that a government needs and loyalty of civil servants. It is just this syndrome of power we have in us. You have to be member of this and that, this person is there, so I must be there. But if you accept that you have come to render service, you do your best. It is best that you remain servant.

ON N.S.O.REORGANISATION

The history of reorganisation has been moving in circles. When the abortive coup of 1976 took place, the government thought the security system failed because it was under the police and the I-G had other things to contend with and could not be preoccupied with security alone. Another reason was that in terms of evolution and progress in budgeting, a proper virile organisation could not emerge for as long as it is a section of the police. so NSO evolved and a decree merged both internal and external security arrangements of the nation in this one national organisation. We operated this system until we saw what could happen if this overcentralised system is boldly handled. We are now trying to forge an ideal, rather my panel recommended an ideal in between the two extremes.

In other words you give some autonomy to internal and external arrangement of security but then ensure that there is an overseeing body so that they don't falter the main policy line. These were recommendations which were based on our experiences which we thought government would consider.

NSO AND CORRUPTION

* Well, that takes us back to my view about what is corruption. What is legal corruption? What is statutory corruption? It is a very difficult thing. I had thought it would be possible to avoid having to talk about that era - the second

republic. The then president was a fair man and he was so preoccupied with justice and he had the instincts of a judge. Whatever information given, he wanted proof. And this difficulty to give proof of especially ministerial corruption would always be there because ministerial corruption is one that takes place in cosy lunges or offices of ministers. Except you go about with extra-legal method of monitoring ministers which is not healthy in any system, you cannot get any tangible judicial type of evidence. Whenever he accepted the quality of the evidence we provided, he acted.

There were examples of indictment and measures that led to action which consequently resulted in removal from office. You know cabinet reshuffles were the end results of certain chain reactions and even though none of those ministers you mentioned was adjudged guilty of corruption, it was to tune up the health of the government that movement of ministers was being made. If a minister tries to interpret his movement in the context of some of this chain reaction and events and leaves, then he is entitled to his own opinion. What we were trying to do was to provide basis for continuous retuning of the good health of the government and I believe we discharged that function very well. It is just that it is difficult to discharge it fully and satisfactorily given the need which the system insisted on to provide evidence. The value of information in government is not to be the basis for trying anybody but to give you basis for taking a decision that is in the interest of the nation. Information is supposed to serve in decision-making. Information helps you decide so that the nation is the better for it, and government is the better for it and therefore the public interest is served more. I would associate the removal of ministers to corruption but they are not final outcomes of certain chain reaction which ended up for the benefit of the government.

In sounding like the legal draft I quarreled with, I am merely trying to protect the *New Nigerian* and myself. I realise that you cannot go beyond what was public knowledge in matters like this. There is a duty in-

hibiting disclosure until certain times. But time will come when public record will be open for the benefit of everybody. The period is not fifty years. In England it has come down. In America, it has also come down. I hope we would be guided by practices in those countries.

* NSO AND MAITATSINE

NSO lost some of its operations in the Maitatsine episode in Kano because they had penetrated it. They had known of its existence and they had reported its existence to the local system of administration in Kano. So also in Bulunkutu. There were casualties in Bulunkutu. The problem first with Kano was that the body polity had been so politicised that nothing was being seen in its proper perspective. Danger signals were twisted to suit the political situation.

Maitatsine was not a secret to the NSO. He had taken on the police, he had taken on the local government area. He had seized a primary school and he was constantly being called for interview with the Commissioner of Police and the Governor invited him for an interview, I suppose to plead with him to stop using the primary school and closing the road in front of his house. The Aniagolu Panel said there was failure to send these signals to the government. Even then, I think that was done properly. I think it was a problem of failure to read and, not failure to bring them out and send them to the governmental system.

The training is okay for the stage we are in but the trouble is that there is too much expectation on the part of Nigerians from the NSO. It is legitimate that a nation should expect much from it. But this organisation is reasonably new. It has just been excised from the police and it was gearing itself up to lay the foundations for an intelligence organisation when suddenly civil rule returned. And everything was in pandemonium and one was literally preoccupied with trying to secure understanding of various governments in the country to give NSO a chance and to cooperate with it. There was so much distrust in the states purely because it is a federal institution but nevertheless without exception, we were able to secure the

personal cooperation of the governors. But this intense expectation is the problem. Comparisons are easily made with CIA, KGB without remembering the ages, experiences and resources in particular and the massive budget of those organisations. I am not saying Nigeria should fund security to that colossal level but let us give our own system time and cooperate with it so that it has time to sit up and forge ahead. It is co-operation that is more important than anything else. I am quite satisfied with the training and modest successes obtained in operations, up to the end of the Second Republic.

If you expose them, then their most potent weapon that they are not known is compromised. When they become known there is no more to it than this. This is what NSO means. Again the forces you are fighting which themselves are underground become more difficult to take on because you have pinpointed your own security system. I am not talking of local crime but larger issues of our stability as a nation. We have taken the old world on on some issues and should not expect that they would turn round and smile at us as we ventured into areas of forceful, militant foreign policy. We should know that there would be moves to embarrass us and show us in a light different from ourselves. You cannot expect an exposed NSO to handle problems of counter-espionage. An exposed NSO is like a sitting duck.

I think there is tremendous advantage in having a proper conventional Ministry of Interior handling the entire spectrum of security matters especially the uniformed aspect of it, that is the police, the customs and the immigration. It is working very well in the Francophone countries and I think there is nothing wrong with giving it a trial. There is no way you can look at Customs as a purely revenue institution which should remain under Ministry of Finance. Because it performs very important functions, which are more relevant in the Ministry of Internal Affairs than any other ministry. I think ultimately, we should try to evolve a proper Ministry of Interior that has a traditional authority of supervising and administering the internal security policies.

[Excerpt]

ON THE KADUNA MAFIA

The best definition of Kaduna Mafia, I think is the one Shagari gave to Peter Enahoro in an interview with *Africa Now*. He said they are educated young men who had worked in the public service and have retired and are living in Kaduna and they take it on themselves to promote the interests of the North. I think it is something to that effect. You can check it in the library. Precisely it is that. I think the best definition which is not embodying any mischief. I don't quite agree with him that they were just Kaduna-based. You see a Mafia consists of circles, you can say the inner core of it lives in Kaduna but they have offshoots and friends in all the parts of the country. So when you talk of Kaduna Mafia, you should not forget that there are offshoots of it in Bodija or Iyaganku in Ibadan, or Independence Layout in Enugu or Trans-Amadi Layout in Port-Harcourt.

There are pockets of these cere of elites that have always influenced opinion and influenced course of events at local level and the centre. I have seen Ikenne Mafia somewhere in the media. It is all the same thing. It's just the syndrome of current elitism that is now aware of opportunities of interacting with authority for promoting personal interest towards their achieving more power, economic or political. This is the way I see it. I think some people are creating deliberate red herring to divert attention from their own Mafia to Kaduna Mafia because it is the Kaduna Mafia that is a little more notorious since it is more appealing to the media. There are many others that are all part and parcel of the phenomenon that you called Kaduna Mafia.

I just quoted Shagari's definition as a good ideal to start with. But I went on to explain that this phenomenon that is described as Kaduna Mafia is something that has spread all over the country. In specific reference to the question, I have seen the manner

governments are formed. The incumbent goes for those he knows or he asks his advisers or party people to suggest names of people to him for forming a new government. Then advisers come in at the last minute to comment on suitable candidates etc. before the thing finally becomes public. Any human activity that involves choosing few out of so many by one is bound to be affected by knowledge of other people generally. Unless you are saying that they should shun certain families that have over-trodden the path of patronage. Maybe you are right. There is no reason why there should be two ministers from one family in a government, no matter what the element of merit is. I agree with you.

The mafioso are not consultants because they don't throw service open to everybody who wishes to utilize services. They are people intensely pre-occupied with what is going on and trying to influence things sometime, not for themselves but sometimes for the benefit of all. Principally, either it is Enugu, Ikenne or Kaduna, it is the same elitist phenomenon of experienced, educated people trying to influence events and things around them. The beneficiaries of this effort differentiate from themselves the country, their community or their family-but it is the same thing.

* LIFE STORY

I was born on January 19, 1937 at Kaura Namoda in Sokoto State. I started elementary education at Shinkafi and went to the Middle School and then the Barewa College, Zaria. My mother hails from the ruling family of Kaura Namoda and my father came from Borno and finally settled in Sokoto State.

I joined the Police in March, 1959 and went through the normal basic training because the cadet training opportunity did not immediately commence for our class. We started the basic police course at Kaduna Police College, Ikeja as cadet inspectors. We

passed through the one year course and were appointed cadet sub-inspectors. My first posting was to Enugu. I went through the normal 3 months practical attachment in the various sections of the provincial police command in those days-crime, administration, traffic and court duties.

Immediately after independence, I was transferred to Jos. I started as a provincial minesfield officer or rather divisional police officer in-charge of the minesfield and later back to provincial traffic officer in Jos and then right through the career until 1974 when I left the uniformed section of the police to the plain-clothes section, the so-called Special Branch of those days.

On my leaving the special branch, I was appointed Deputy Commissioner of Police (administration) at Force Headquarters in Lagos. It was from there that I was appointed Commissioner for Internal Affairs in the Murtala regime. I remained in the Murtala-Obasanjo Government till 1978 when the government assigned me to command the police in Oyo

State. I was in Oyo State when the election took place and after the elections, the then president appointed me Director-General of the Nigerian Security Organisation (NSO) which post I held till early January, 1981 when my retirement formally took effect.

As Federal Commissioner for Internal Affairs, I alternated with the Commissioner of External Affairs. With regard to the latter, I chairmanned several Organisation of African Unity (OAU) Mediation, Arbitration and Conciliation Committee meetings in Libreville, Gabon, on some of Africa's protracted disputes such as Ethiopia/Somali, Chad/Libya. I was also the head of the Federal Government Special team who quietly handled the preliminary diplomacy that culminated in the first coming together of the warring factions in Chad and subsequently the Kano and Lagos Accords on the Chadian crisis.

Since retirement I have been on

my own as a lawyer, farmer and as a public affairs consultant, something rather new. There is a lot of ignorance on how to go about dealing with government. Honestly and truthfully when I saw that gap, I decided to offer my services in that sphere outside the realms of lobbying or pulling strings. This is purely guiding people who want to deal with government and don't know the best way to go about it. It is very much new and the remuneration arrangement is liberal because invariably, most of one's clients are friends and there isn't remuneration really other than the satisfaction that you have helped a friend get what he wants. I trust that as the clientele widens beyond the horizon of friends and relations definitely remuneration will pick up. I have looked at the

system in the United States and hope to be guided by how the system operates there.

What I do is not a kind of public complaints commission. Take investments, a lot of people don't know the various steps to take especially now that there is a burning desire to start small-scale industries. People don't know which way to go, they are frightened that Lagos is full of bureaucracy. You go to 27 ministries before you get approval. But if you allow time and you are properly guided from my experience in the Ministry of Internal Affairs things would be easier. I used to advise people on the various steps to take and the need to start early rather than at the last minute which involves rushing to a minister and going up and down with introduction. You have not been fair to him by not giving him enough time. This sort of thing, a general spectrum of dealing between the citizens and the government.

/12828
CSO: 3400/1125

NIGERIA

NEW GOVERNMENT APPOINTEES SWORN IN

Lagos DAILY TIMES in English 31 Jan 86 p 1

[Text]

PRESIDENT Ibrahim Babangida will this morning swear in Alhaji Adamu Fika as the new Head of Service:

He will also administer the oath of office of Chief Samuel Olu Falae as the new Secretary to the Federal Government.

This confirms our front page story of yesterday on the new appointments.

Chief Duro Onabule, Chief Press Secretary to the President, issued a statement yesterday formally announcing the two appointments.

Alhaji Adamu was a one-time Permanent Secretary for the Federal Capital Territory.

He is the longest serving permanent secretary in the Federal Public Service.

Chief Falae, 47, is the Managing Director of Nigerian Merchant Bank, with head office on the Broad Street, Lagos.

He is married with six children, three boys and three girls.

Chief Falae began his career in 1963 as an Assistant Secretary, National Manpower Board, rising to the post of a permanent secretary in April, 1977.

He attended the University College, Ibadan from 1960 to 1963 where he obtained the B.Sc degree in Economics.

In 1972, he left the Yale University, New Haven, Connecticut, USA with a Master degree in Economics.

/12828
CSO: 3400/1131

NIGERIA

OIC MEMBERSHIP PROBE

Government Forms Panel

Kaduna NEW NIGERIAN in English 29 Jan 86 p 1

[Text] A panel to examine the implications of Nigeria's full membership of the Organisation of Islamic Conference (OIC), has been set up by the Federal Government. Minister of Information, Lt.-Col. Anthony Ukpo, said in Lagos yesterday that the setting up of the panel followed representations to government from the leadership and concerned members of all sides of the religious spectrum, especially from the Christian and Muslim communities.

Members of the panel were drawn from the government, Christian and the Muslim communities.

The chairman of the panel is the Minister of Internal Affairs, Lt.-Colonel John Shagaya.

The names of the members of the panel have not been made known.

Inaugural meeting of the panel to take place in Abuja next Monday would be addressed by President Ibrahim Babangida.

Moslem Body Opposes Panel

Lagos DAILY TIMES in English 31 Jan 86 p 12

[Text] The setting up of a panel on Nigerian membership in the Organisation of Islamic Conference (OIC) is a direct slap on the face of Nigerian Moslems who constitute the majority in this country.

A statement by the Organisation of Muslim Unity (OMU) argued that such a stand by the government shows that the fundamental rights of Moslems can no more be guaranteed except the Nigerian Christians consent to such rights.

The organisation said that the destiny of Moslems should not be determined by Christians while the progress of Islam and Nigerian Moslems should not be tied to the aprons of the Christians.

The statement remarked that if the Federal Government should uphold whatever was the outcome of the panel, then the same government has to set up a panel to look into the following areas so as to consider the implications.

These are the Two diplomatic missions in the same country, Italy, one for political affairs and another for the Vatican city.

Diplomatic reception accorded the Pope which gulped about N1,500,000 for security alone.

Students Demonstrate Against Panel

Kaduna NEW NIGERIAN in English 1 Feb 86 p 1

[Article by Yusuf Ozi Usman]

[Text] More than a thousand members of the Muslim Students Society (MSS) of the Bayero University Kano yesterday staged a peaceful demonstration on the campus protesting against the setting up of a committee to examine Nigeria's membership of the Organisation of Islamic Conference (OIC).

The students abandoned their lectures and took to the streets in the university chanting various Islamic songs.

Some of the placards carried by the demonstrators read "OIC/Nigeria must stay" "Islamic affairs for Muslims alone," "We join OIC forever", "We want Shari'a in the South," and "Enrol Nigeria into the OIC, immediately".

Secretary of the society, Malam Abubakar Ali-Agan in a speech said the society wanted the Armed Forces Ruling Council (AFRC) to know that muslims would resist any attempt to withdraw Nigeria from the OIC because Nigeria was also represented at the Vatican.

Malam Abubakar said Muslims for quite a long time had been silent on issues that had practical implications on their socio-religious life due to the so-called secular nature of the country and in the name of peace and tranquility.

He said when the Pope was invited to the country during the Second Republic at the expense of public treasury, Muslims did not challenge the visit because of the accommodating principles of Islam.

He said the society strongly demanded Friday to be declared as work-free day instead of Saturday, adding that the changes should take place peacefully.

The secretary warned the Christian Association of Nigeria (CAN) and its sympathisers to desist from making any further provocative comments on the Shari'a debate.

The MSS said Muslims regarded such issues a matter of life and death, and said the debate itself was uncalled for and unnecessary since Shari'a was a right to the muslims and not a privilege.

DEFICIENCIES IN 1986 BUDGET EXPLORED

Kaduna NEW NIGERIAN in English 28 Jan 86 pp 5, 12

[Article by Ibrahim Dogo]

[Text]

THE euphoria that greeted the 1986 budget, is most unprecedented in the fiscal history of Nigeria. For the first time support demonstrations were organised by some groups almost at the very time the President was presenting the budget to the nation. Encomiums for the budget allocations and the policies contained therein started pouring in long before the minister of finance outlined the detailed aspects of the budget. The budget, as a whole has been described as a masterpiece, a development plan and even as the best ever prepared for the country.

Since almost all the merits of the budget have been highlighted, discussed and extensively eulogised, this article will not risk boring readers with the point already well known and digested. Rather, it will concentrate on exposing and analysing the shortcomings of the budget almost all of which have been either timidly pointed out or deliberately overlooked.

The basic objective and in fact the underlying philosophy of the 1986 budget clearly seems to be a return to orthodoxy; a rolling back of the frontiers of government and the minimisation of its direct involvement in productive economic activities. The ultimate goal is, therefore, a laissez faire system to be achieved through privatisation and commercialisation. The economic ideology is monetarist and the development strategy is external sector-oriented.

Dr. Kalu, the finance minister, might have unwittingly identified himself with the unpopular camp in the I.M.F. controversy. But he has undoubtedly succeeded in getting the national budget fashioned on his own ideas and beliefs. In this respect he is a winner and not a loser.

In a developing country like Nigeria interest seems to be exclusively concentrated on budget allocations rather than the more significant aspects of budget philosophy and the course it charts for the economy. A critical evaluation of revenue estimates is, therefore, imperative as a first step in analysing any budget. This should be with a view to judging how realistic the revenue estimates are and thus the reasonableness of the corresponding budget allocations. Budget preparation is, after all, basically an exercise in anticipation and prediction; in fact an informed guesswork.

The tendency in Nigeria over the years is to be overoptimistic in revenue expectations. Since the nation relies on the external sector for the bulk of its revenues such a disposition has on many occasions proved disastrous. It has in fact been the bane of most of the country's development plans.

The total estimated external oil earnings for 1986 is put at over N8 billion. Given the current world oil market instability, the increasingly dwindling OPEC's share of the market-just about 30

per cent, and the impending price war between OPEC and non-OPEC members, this estimate is unduly optimistic. The N1.5 billion estimated as foreign earnings from the non-oil sector is similarly questionable.

In the light of the foregoing the maximum of 30 per cent of foreign exchange earning expected to be set aside for debt servicing gives the nation a rather false hope. This is more so in that an agreement has not been reached with the country's external creditors on the issue of debt rescheduling. The most likely situation is that the creditors will take a harder line than before and thus demand a greater chunk of the foreign exchange earnings, if only as a "punishment" for the nation's refusal to take the I.M.F. loan. The budget should have, to be on the safe side, provided for this eventuality.

What should, after all, be borne in mind is that over 6.5 billion US dollars debt repayment commitments will be due in 1986. In the event of any rescheduling agreement not being reached this will claim over 60 per cent of the anticipated foreign earnings for the year.

The revenue estimates in respect of the so called special funds are equally suspect. These are the expected savings from the removal of petroleum subsidies, import levy and wage and non-wage contributions to the National Economic Recovery Fund which have been put at N2.4 billion.

With respect to the much talked about savings from the removal of fuel subsidies, the fact is that the alleged losses being incurred in the form of the subsidies were actually opportunity costs not real cash losses as such. The subsidies were price subsidies and not cash subsidies as the government was merely allowing the NNPC to sell the petroleum products at rates below the world market prices. So the anticipated savings, put at N900 million by the President, could only be realised if demand for the petroleum products does not fall; or in the alternative if Nigeria finds an external market for the surplus released. Both prospects are actually bleak.

What is implied above is that the fuel subsidy savings may have in fact already been overestimated. The nation's universities who are to be part-beneficiaries of the expected funds should be well advised not to hurriedly engage in capital undertakings on the anticipation of money from Lagos. They may end up having their campuses littered with abandoned projects.

The only revenue fairly certain is the PAYE deductions as contributions to the Recovery Fund. The estimates for non-wage contributions from companies, professional firms and other corporate bodies can only be assumed to be realistic if calculated at the lowest rate of 5 per cent of after-tax profits. This is to take account of the possibility of tax avoidance and the widely prevalent cases of tax evasion in the country. The rate of tax evasion has in fact been estimated at over 50 per cent meaning that over half of the taxable incomes in the country escape tax.

It is also feared that many professional firms may arrange their finances in such a way as to declare losses during the economic emergency period. In

the same vein, companies may, with the agreement of their shareholders, defer the declaration of dividends until after the period.

Allowance must also be made for official corruption in the administration of the taxes. This is a fact of life in the Nigerian bureaucracy and which cannot be ignored. This is more so given the soft posture of the Babangida administration and its commitment to human rights.

The import levy of 30 per cent may also not yield as much as anticipated. This is because the level of direct import is likely to fall for three main reasons: firstly because of the very levy itself; secondly because of the further bureaucratisation of the import licence issuing process and thirdly because of the decision of the government to sustain manufacturing firms at only 55 per cent capacity, on the average.

All the foregoing will lead to a shortfall in the estimated revenues accruing to the government. The budget provisions therefrom will in turn the adversely affected.

The development strategy as can be discerned from the budget is basically outward-looking rather than inward-looking despite the slogan of self-reliance. There is a seeming obsession with the earning of foreign exchange. Ironically, this is to be achieved through the diversion of domestic output which should ideally be meant to make up for the existing shortfall in domestic aggregate supply.

Self-reliance is not just the reduction of imports. This is in fact only one aspect of it; the other aspect is not depending too much on the export sector. External factors are variables over which countries have little control. Diversification of an economy, therefore, means diversifying the domestic productive base with a view to meeting domestic aggregate demand after which surplus may be exported to earn foreign exchange.

The Latin American sad experiences should be a lesson to Nigeria.

The export incentives outlined in the budget are, therefore, not only overgenerous but misplaced. The entire policy package

especially the import levy and excise duty waiver amounts to subsidising foreign consumers at the expense of Nigerians. It is most ill-timed, coming at a period when domestic subsidies are being withdrawn. One would have thought all those concessions and incentives were to be granted to firms using local raw materials whether producing for export or not.

The manufacturing industry seems to have a raw deal from the 1986 budget. Industries are to operate at about half capacity; an import levy of 30 per cent to be imposed over and above prevailing duty rates; there is to be further bureaucratisation of the import license issuing process; and the Naira is to be allowed to find its value which effectively means devaluation. All these may not only push up the costs of production but may considerably lower aggregate industrial output and thus be most inimical to the paramount goal of reviving the economy. Smuggling may, as a consequence, be carried out on a higher scale than ever before.

The average return on investment in the manufacturing sector of the Nigerian economy has always been far below that of the service sector for obvious reasons. This situation will be further worsened by the import levy, the corporate profit surcharge to be imposed across the board and the increase in the dividend withholding tax rate. The aggregate effect of these measures is that almost 80 per cent of the incomes generated by the manufacturing firms will go to the government as taxes. This situation may not only seriously stifle all forms of manufacturing investment initiatives but could lead to a further lopsided development of the Nigerian economy in favour of more profitable but less productive sectors.

The 1986 budget seems to contain no any concerted policy effort to tackle unemployment beyond the hope that most of the unemployed will go back to the land i.e. to the rural areas to take up farming. For the unemployed graduates this may be an official wishful thinking.

There may not be any appreciable improvement in the unemployment situation in the year 1986 given that industries are to continue to operate at half-capacity and that all public enterprises are to be either privatised or commercialised. The reduction by half of subventions to other government agencies will in fact exacerbate the situation. Apparently, the easiest cost-cutting and budget-balancing measure in Nigeria is the retrenchment of employees.

By far the weakest aspect of the 1986 budget is the virtual absence of any anti-inflationary package. In view of the fact that the maintenance of price stability is crucial to all economic activities this is a serious oversight.

The removal of petroleum subsidy has already pushed up transport fares as predicted. In the course of time this will trickle down to production costs. Industries are already operating far below capacity resulting in a shortfall in aggregate supply. The industries will most certainly pass all or a substantial portion of the extra production costs arising from the import levy, and revised import duties on to consumers. Public enterprises like NEPA, Railways, NITEL, among others, are to be allowed to review their prices which will definitely be upwards. The Naira is effectively being devalued, the consequence of which is high prices for all imports especially machinery, spare parts and raw materials. The inflationary pressure in the coming months is frightening to imagine.

The general incomes policy instruments for 1986 seem to be mixed up. There is a multiplicity of taxes to the extent that one wonders whether the aim is to raise revenue at all costs. This notwithstanding, the system is still socially inequitable in the most self-employed persons not in the category of professional firms or companies, virtually pay no taxes at all and method have not been devised in the 1986 budget to make them contribute to the recovery fund.

The failure of the income tax system should not be a ground for overburdening the general populace with all sorts of levies. It could, for the whole nation be economically counter-productive.

Nigerian commercial banks

have excess liquidity now because according to them people are not coming to borrow money. This may be a consequence of the recession. But it is also due to the fact that interest rates are very high. The tight monetary policy of the government which it intends to maintain for the year 1986 is most inappropriate. It creates a vicious cycle inimical to any private entrepreneurial initiative.

Interest rates must come down to encourage commercial banks to readily take deposits and individuals to borrow. The national economy cannot, for obvious reasons, be effectively stimulated through monetarist measures. It has to be directly pushed to pick up.

Transport policy as contained in the 1986 budget is most faulty. The government seems to have clearly given in to the road transport lobby by putting all emphasis on this sector. The orchestrated nation-wide rallies in support of the Babangida administration by road transport organisations is, perhaps, a reciprocal gesture.

One could not talk of mass transport anywhere in the world without mentioning the railways. The 1986 budget contains only a casual and passing reference to this transport sector.

Road construction and maintenance in Nigeria is not only very expensive but its contract award provides the most lucrative avenue for official financial corruption in the country. Inspite of and in addition to this, experience has shown that the average lifespan of a Nigerian road is less than five years. One would have thought that the nation had learned its lesson and would give railway development the priority it deserves.

The issue of housing seems to have been overlooked in the budget. Rent edicts have failed in this country. Governments should not pretend that they can successfully influence the price of an item whose supply and to a certain degree whose demand they do not control. This is a basic economic fact. Rent edicts are, therefore, no more than political actions by the government to give people the feeling that it is concerned and is doing something while in fact it is not.

No government can claim to be improving the living conditions of its citizens when it neglects housing. Past failures should not discourage the working out of new housing programmes. If direct government financing of housing projects has a high opportunity cost, then a subsidised commercial bank mortgage lending in overdue in the country.

The rather high sounding agricultural programme of the government may come to nothing if the government goes ahead with its intention to commercialise the procurement and distribution of farm inputs including fertilizer. Likewise if the government decides not to get directly involved in the pricing, marketing and storage of the farm products. In either case, the small farmer who is to be the centrepiece of the programme will have little incentive to produce.

The emphasis on food production seems to be placed largely on the cultivation of rice to the detriment of more indigenous and more staple items like maize, guinea corn, millet, yams and cassava. The rice hangover should be shaken off.

The river basins are due for a total phasing out in view of the controversy surrounding their operations. Their activities can in fact be more efficiently performed by state-wide ADPAs. There is every likelihood that the decision to scrap or not to scrap some of the river basins will be purely political.

This writer has at one time warned on the issue of privatisation of public enterprises. The nation may end up throwing away the baby with the bathwater. No public enterprise should be totally privatised as this would not only be politically ill-advised but economically unwise. And whatever the case it will be irrational and in fact sheer folly for the government to sell off its holdings in the nation's commercial banks.

There seems to be much euphoria over the slight cut in the nation's defence expenditure. The fact still remains that defence takes the lion share of the total budget allocation. It should also be pointed out that the defence savings is mainly in the capital as against the recurrent estimates.

This is merely delaying the inevitable since in years to come the military will have to buy the fighter planes, tanks, guns and other military hardware anyway. The financial problem of Nigeria armed forces is rooted in their overheads.

The defence expenditure savings referred to above has in fact been wiped out by the increase in allocations to the police. And if

the police, prisons, the ministries of defence and justice and their agencies are grouped together under national security they account for almost a quarter of the recurrent estimates for the whole nation. This is very lopsided..

The nation's health care delivery system has to de-emphasize curative measures for preventive ones. This has not been recognised and spelt out in the budget. No nation judges the effectiveness of its health care system by the amount of money it

spends on building hospitals and buying drugs. The hitherto abandoned environmental sanitation campaign has to be revived and pursued with greater vigour.

Similarly, educational development and improvement is not necessarily a function of physical structures. Educational necessities are in fact not tall buildings, student hostels or walls round campuses. They are rather, simply teachers, books and equipment. The government should, therefore, ensure that the huge sum allocated to rehabilitate educational institutions is only applied in this regard.

A budget is merely a statement of intentions. Its success lies in its implementation which in turn depends upon the effective and efficient operation of the machinery of government. This requires public servants of proven competence, commitment to duty and integrity. The Nigerian situation is, however, such that one can only pray for the best performance possible.

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CSO: 3400/1128

NIGERIA

IMPORTERS MAY BE REQUIRED TO USE NATIONAL CARRIERS

Enugu DAILY STAR in English 31 Jan 86 p 1

[Article by Jonathan Emereole]

[Text] THE Federal Government is now considering a new policy which, if adopted, will compel all importers of goods into Nigeria to make use of the Nigeria National Shipping Line's (NNSL) vessels, the DAILY STAR has learnt.

The government may even require such importers to indicate, in their import licences, that the NNSL would haul their cargo into the country, if that would be the only way to make the new policy work.

These facts were made known to the DAILY STAR last weekend by the minister of transport and aviation, Brigadier Jerry Useni.

Brigadier Useni said government would be adopting this measure to save the NNSL from imminent collapse resulting from lack of patronage by both local and foreign importers.

The minister told the DAILY STAR that the 20 ships now in the fleet of NNSL were running our coastal waters almost empty, always.

He attributed this to the attitude of Nigerian importers whom he alleged, preferred foreign and private vessels to those of the NNSL.

The minister confessed that

the situation was bad enough. He assured the DAILY STAR that the federal government was carefully studying the problem, with a view to coming out with the new policy, in due course.

Answering questions on marine transportation generally, Brigadier Useni observed that "our seaports are under-utilised".

He regretted that the newest seaports—Tin Can Island, Calabar, Warri etc., were not fed by railways as was the case with Apapa and Port Harcourt ports.

This, he maintained, had created the problem of haulage of goods from the new ports to the hinterlands, since it had to be done by road.

On rural transportation, the minister conceded that there was need to link the rural areas with the cities, through the building of access roads. The building of such roads in rural areas, would facilitate rural-urban interaction and enable farmers take their products to the cities for sale, he pointed out.

The transport and aviation minister emphasised that it was in realisation of the need to develop rural areas that the president, Major-General Ibrahim Babangida, created the department of rural development in his office recently.

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CSO: 3400/1128

NEW, HIGH IMPORT DUTIES SCARE OFF IMPORTERS

Lagos SUNDAY TIMES in English 26 Jan 86 p 24

[Article by Yakubu Momodu]

[Text]

OPERATIONS in Nigerian ports have been at snail speed since January 1 this year as importers whose goods were caught with the 30 per cent import duty refused to take possession of their goods.

According to President Babangida's budget speech, goods imported into the country as from January 1, 1986, would pay a 30 per cent duty in addition to the five per cent surcharge that has been in vogue.

A Sunday Times investigation revealed, that many importers whose goods arrived the Nigerian territorial waters by January 1 this year refused to take possession of their goods seeking further clarification from the customs as to the operational date of the new law.

According to them, their goods had left their port of origin before the new law was made.

"It would be punitive if goods in transit and shipped from port of origin in 1985 should be subjected to a law operational in 1986", said an importer who gave his name as Majolate Aje.

When the Sunday Times visited the Apapa and Tin Can Island Port Complex, very low rate of work was noticed as both the clearing agents and their clients are confused as to the real situation.

"The customs insist on the 30 per cent payment while the importers refused say-

ing that they wanted further clarification from the government", he said.

But the Deputy Director of Customs in charge of Economic Relations, Research and Planning, Mr. A. O. Fafowora said that all goods that arrived the Nigerian territorial waters as from January 1 this year must pay the 30 per cent duty.

Mr. Fafowora declared, "to clear all the doubts which may be lurking in the minds of importers and the general public, the position of the law is that all goods imported into the country up till and including December 31, 1985 are not affected by the 30 per cent import duty. But such goods should pay the five per cent surcharge.

"All goods imported into the country as from January 1, 1986 are to pay the 30 per cent import duty whether such goods arrived the Nigerian territorial waters or not" he added.

Mr. Fafowora further said that the 30 per cent levy would be based on the Cost Insurance and Freight (CIF) value of goods imported.

According to him, the area administrator of customs have been instructed to issue separate receipts for the five per cent surcharge and the 30 per cent levy on imports and furthermore to monitor the operations of the levy to ensure minimum delay on documents lodged in the customs long room.

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CSO: 3400/1130

NIGERIA

IMPLEMENTATION OF EXPORT INCENTIVE PROGRAM HINGES ON DECREE

Lagos DAILY TIMES in English 31 Jan 86 p 2

[Text]

MANUFACTURERS of Made-In-Nigeria goods who want to take advantage of the government's non-oil export incentive package have been asked to wait until there is an Enabling Decree by the Federal Ministry of Justice, the News Agency of Nigeria reported in Lagos on Tuesday.

A source at the Ministry of Trade said that the Nigerian Export Promotion Council could not implement the export incentives provided in the 1986 budget, until there was a legal instrument to support them.

The source disclosed that the council had suspended approval on all fresh export licence applications submitted by would-be exporters until the incentives were given the required legal backing.

The NAN correspondent learnt that several manufacturers who responded to the council's call for applications to

exporter were anxious for approval to enable them benefit from the scheme and export their products.

The source could not state exactly how many manufacturers had applied to export their products but said that pressures were being put on officials of the council for approval.

According to a notice on the premises of the council, export applicants were, among other things, expected to submit a satisfactory report on the status of their companies, evidence of no restriction on the products to be marketed and proof of previous export experience.

They are also expected to submit evidence of overseas contacts and inquiries, ability to secure regular supply of products, while such export products

should also have not less than 40 per cent local input or 35 per cent local value added.

Among the export incentives contained in President Ibrahim Babangida's 1986 budget speech are, a refund of import duty on raw materials for export products, a refund of excise duty on export, generous import licence and the retention of 25 per cent of export earnings in foreign accounts.

Other incentives include government assistance on export pricing and costing, liberalisation of export licence and the operation of the export credit guarantee scheme.

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CSO: 3400/1128

GOVERNMENT EXPENDITURE ON PARASTATALS OUTLINED

Kaduna NEW NIGERIAN in English 27 Jan 86 p 16

[Text]

THE Federal Government spent well over 36.5 billion Naira as loans and subventions to its parastatals and companies in six years, according to the First Bank of Nigeria business and economic report just released.

The report explained the breakdown of the amount which showed that over 23 billion Naira as at October 1985 was granted to the parastatals and companies as loans while 11.5 billion Naira was given as subventions during the same period.

According to the report, the 23 billion Naira was disbursed as follows: 11.4 billion Naira invested by the government as equity investment in the parastatals and companies and 11.7 billion Naira granted as guaranteed loans.

On the 11.4 billion Naira loans, the report said, the federal government received interest of 933.7 million Naira, which is an average of about 159 million Naira annually while also the report said the government received over 94.083 million Naira as interest payment in respect of the 11.7 billion Naira loans and guaranteed loans respectively.

The First Bank report described the rate of returns on the loans as sufficiently dismal to warrant no commentaries. It said in the

case of the equity investments, compound returns here are less than 10 per cent which is less attractive than returns on a savings account which must be one of the most timid options available in the economy at present.

On privatisation of government parastatals and companies, the report suggested a 10-point agenda for consideration by the government. These suggestions are that privatisation should constitute a major public policy programme, phased over a 10 to 20 year period and implemented by a semi-autonomous agency like the Nigerian Enterprises Promotion Board (NEPB) with the mandate to systematically reduce public sector subventions to parastatals by a well articulated privatisation programme.

Others are that the privatisation board should in conjunction with the Nigerian Stock Exchange, the Securities and Exchange Commission, External Accounting Consultants and the parastatals to be privatised, be responsible for the revaluation of the shares of the parastatals concerned, so as to adequately reflect initial investment in plant and infrastructure as well as the reduction or elimination of long term debt, the purchase of equity shares in the parastatals should according to the suggestion be

limited to Nigerian companies and nation to the exclusion of foreign participation.

The report further said the distinction between economic and social parastatals was superfluous and did not answer to the major issue at hand, like the propensity of these parastatals to wastefully consumed large government subventions. It also suggested that since it is clear that privatisation would be a complex operational exercise spanning a significant time frame, that the good should be a systematic and phased withdrawal of the public sector by the gradual relinquishing of share ownership with government retaining majority ownership at least 51 per cent.

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CSO: 3400/1130

NIGERIA

PANEL ON COUNTERTRADE INAUGURATED

Kaduna NEW NIGERIAN in English 28 Jan 86 pp 1,3

[Text] THE Chief of General Staff, Commodore Ebitu Ukiwe yesterday in Lagos charged the five-man counter-trade review panel to make far-reaching recommendations in the overall interest of the country.

Inaugurating the panel, he said under its terms of reference, it was expected to re-negotiate existing counter-trade agreements with a view to ensuring a "one-to-one" system of project financing in areas of critical importance to the country's industrial and technological development.

The panel, headed by Mr. J.K Randle, Chairman of Eko Hotels Ltd., is to see to it that Nigeria's interest was protected in all counter-trade agreements, particularly in the quantum or aggregate value of goods to be exchanged for oil.

It would also determine the nature of "qualifying products"

for counter-trade, and ensure that imported goods met the government's priorities within the context of the economic emergency.

The panel would further determine the market price of completely knocked down parts, machinery and other goods to be imported, as well as determine the duration of each counter-trade agreement or its termination.

It is charged with the arrangement for the management of all "escrow" accounts, the adequacy or otherwise of the rules and procedures for their operation, and determine the balances on the various escrow accounts.

On oil lifting, the panel would review the adequacy of the agreements with regard to any crude oil price discounts and determine products other than crude oil that could feature in future counter-trade agreements.

All counter-trade agreements were to be negotiated on government-to-government or company-to-company basis, but subject to government approval.

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CSO: 3400/1130

LOW PRICES, FEW BUYERS CAUSE FARMERS TO TURN TO BARTER TRADE

Lagos DAILY TIMES in English 27 Jan 86 pp 1, 17

[Article by Salisu Nainna]

[Text]

PEASANT farmers in parts of Kano State have now resorted to barter by exchanging farm produce for manufactured goods, a Daily Times investigation has revealed.

The peasants who live in fertile rural areas in parts of the state were seen begging the petty traders to take measures of grains, such as millet, guinea corn and tomatoes in exchange for their tablets of toilet soap and detergent, as no food-stuff buyers were forthcoming.

At Kura Town less than 30 kilometres from Kano along Zaria road, farmers complained that they needed the manufactured goods, but lacked money to pay for them and had to engage in barter.

Similarly, their grains were priced "too low" according to them and called on the state and Federal Governments to order the National Grains Board to buy off their surplus grains whose

estimated value is put at more than a million naira.

A similar situation exists at Yada Kwari village in the same area where the farmers are now exchanging grains for fertilizers and other farm inputs but had also expressed dissatisfaction over the arrangement.

Both Kura and Yada Kwari are covered by the Kano/Hadejia River Basin irrigation and rural development programme.

The farmers said that their problem of storing excess grains could be compounded after harvesting wheat, rice and other grains, vegetables and cereals at the end of the on-going dry season farming in the area.

Some of them expressed disappointment that Nigeria which imports foodstuff worth millions of naira could neglect her surplus produce.

An official of the National Farmers' Council, Kura branch, Malam Salisu Lukeman Tela regretted the plight of the peasants in the area and hoped that the authorities concerned would react to this report.

He said that it is unwise for the government to invest in agriculture only to burden farmers with the products of their labour without adequate storage facilities.

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CSO: 3400/1131

NIGERIAN AIRWAYS SACKS TOP MANAGEMENT

Lagos DAILY TIMES in English 1 Feb 86 p 24

[Article by Zakari Adamu]

[Text]

NINE top management staff of the Nigeria Airways, five directors, three controllers and a chief legal officer have been relieved of their appointments.

Their letters of termination according to sources, were despatched at about 2.30.p.m. yesterday.

Those affected are director of finance, Mr. Nwachukwu, director of legal services Mr. O. O. Osikoya, director of special duties, Mr. Ita Effiong, and director of management services, Mr. J. O. Allagoa.

Others are director of marketing, Mr. E. J. Onyia, controller of properties, Malam Musa, controller of audit, Alhaji J. O. Olagunju, controller of accounts, Mrs. Akeredolu Ali and chief legal officer, Mrs. Oyinlola.

When our reporter visited the Airways House yesterday, staffers of the airline were seen in group

discussing the shake-up.

Also yesterday, some of the top officers of the airline were re-assigned.

They are Mr. W. O. Fagbele, former controller of industrial relations. He was appointed director of management services, and Alhaji Mohammed Madaki, former controller of marketing now becomes director of commercial services.

Others are former chief accountant, Mr. Philips Ekiwe who now becomes controller of accounts and Alhaji Mahmudu Shaba, former director of field services now becomes directors of special duties.

The public relations manager of the airline, Mr. Femi Ogunleye, confirmed this.

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CSO: 3400/1129

NIGERIA

REFINERY OPERATION TAKEN OVER BY PETROLEUM CORPORATION

Lagos DAILY TIMES in English 30 Jan 86 p 13

[Article by Lola Ibironke]

[Text]

NIGERIA'S premier oil refinery, the Nigerian Petroleum Refining Corporation (NPRC) is to be taken over by the Nigerian National Petroleum Corporation (NNPC).

Prior to this arrangement, the NPRC was being supervised by the NNPC which had a controlling share of 50 per cent in the venture. The Ministry of Finance has 30 per cent, Odua Investment 10 percent, and the remaining 10 per cent is being jointly owned by some northern and eastern states.

The commissioning ceremony is to take place at the company's headquarters at Alesa Eleme, Port Harcourt tomorrow by Petroleum Resources Minister, Alhaji Rilwan Lukman, and other executives of the NNPC.

Later, the Board of Directors of the corporation will be officially dissolved and the NNPC flag hoisted.

Established in 1964, the refinery was built at a cost of over N20 million.

The refinery has a crude oil distillation capacity of over 60,000 barrels per stream day. Other process units are the Catalytic Reformer which has been upgraded from the design capacity of 4,000 to 6,000 barrels per stream day, and the Liquefied Petroleum Gas unit of 60 metric tons per day capacity.

The Nigerian Petroleum Refining Corporation produces a wide range of products from two main types of crude oil, namely the Trans Niger Pipe Crude and the Bonny Medium Crude.

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CSO: 3400/1129

IMPORT LICENCE DELAYS AJAOKUTA PLANT CONSTRUCTION

Kano THE TRIUMPH in English 27 Jan 86 p 11

[Text] THE site agent of the Fourgerolle Limited at the Ajaokuta Steel Plant, Mr. Gerard Audineau, has said that lack of import licence to bring in some building materials was holding up the company's civil construction work at the steel complex.

Mr. Audineau told a News Agency of Nigeria (NAN) correspondent in Ajaokuta that as a result of the company's inability to secure import licence in 1985, vital aspects of the project, including the cable tunnel, had been stopped temporarily.

He said that because the company was unable to import the basic materials needed for protecting the cable tunnel which he said, covered several kilometres, the work earlier scheduled to take 33 months might

again be retarded.

The Site Agent said that work first stopped in December 1983 following the government's inability to pay for the work done.

The recent review of the project was due to the 60 per cent increase in the cost of raw materials and labour in the four years since the contract was awarded, he said:

Mr. Audineau said that about 50 per cent of the foundation and civil construction works had been completed.

"If the necessary materials were provided, the job could still be completed on time", he said, adding that the government had paid all the debts it owed the company but that payment for subsequent jobs had not been assured.

The Site Agent, who took the NAN correspondent round the 350 units of civil constructing on the more urgent parts of the project, said that the country would have saved nearly half of the contract sum had the project been executed on schedule.

/12828

CSO: 3400/1129

BRIEFS

BAUCHI AIRPORT EXPANSION--The Bauchi State Government is to spend N2 million on the construction of a four-kilometre runway for the new Bauchi airport, the state governor, Lt-Col Chris Garuba, has said. Governor Garuba told newsmen at Government House in Bauchi, that the construction of the airport would be by direct labour. He said that airport construction engineers in the state's Ministry of Works would undertake the construction under the supervision of an expert already released from the Federal Ministry of Transport and Aviation for the project. Lt-Col Garuba said that the decision by the Federal Government to suspend construction of new airports in the country was dictated by the country's economic situation, but that the state government would appeal to the Federal Government to re-imburse it after the airport might have been completed and the economy improved. [Excerpt] [Enugu DAILY STAR in English 28 Jan 86 p 1] /12828

STRIKE CAUSES FACTORY CLOSURE--Cadbury of Nigeria Limited is to be shut till further notice. The action was taken yesterday by its management to prevent the damage of loss of materials by some members of its staff. According to the Public Relations Manager, Mrs. Nike Banjo, the action became necessary, since all efforts by the executives of the national unions had failed to pacify the workers who had embarked on a "go slow action". She disclosed that their action had resulted in a loss of N3 million to the company. [Text] [Lagos DAILY TIMES in English 30 Jan 86 p 12] /12828

FOUR MINISTRIES SCHEDULED FOR ABUJA MOVE--The Minister of Federal Capital Territory, Air Commodore Hamza Abdullahi, has said that his immediate problem is to prepare ground for the movement of four ministries to Abuja this year. The minister, who left Lagos yesterday, to assume duty in Abuja, told airport correspondents that he would first look into the available facilities and consider the pace at which the movement would be done. The first four ministries to be moved this year, according to the new minister, are Trade, Internal Affairs, Finance and Industry. He also said that the private sector has been allocated lands and facilities to speed up their movements. He continued: "This is an area we have to work on now so that it will encourage the development of the Federal Capital Territory and also the movement of foreign embassies." The minister said that he was disappointed in some Nigerians referring to the Federal Capital Territory "as a glorified bush, which we have been building since 1978. "Already, we have pipe-borne water, electricity and other infrastructures in Abuja," he said. [Excerpt] [Lagos DAILY TIMES in English 30 Jan 86 p 1] /12828

CSO: 3400/1126

SOMALIA

BRIEFS

RECENT CLASHES REPORTED--Fighters of the Somali National Movement, SNM, wing of the Somali Opposition forces, fiercely attacked troops loyal to Siad Barre stationed at Balidid and Qrilugid villages in Burao District on February 1986. The gallant SNM fighters inflicted heavy losses on the dispirited troops loyal to the fascist regime of Mogadishu. They captured Lt Abdi Farah Hasan, serial No 46750, and Cpl Kassim Wahilye Culosow, serial No 220997. On the same day, the gallant SNM fighters made a similar attack on the troops loyal to the moribund regime headed by General Siad Barre stationed at Ala Ibaday village in Gabley District, killing 8 and wounding over 23 enemy soldiers. Other reports on continuing successes scored by SNM fighters against the troops loyal to General Siyad Barre say that in two separate attacks launched by the SNM on Borama area and Qolijeed village in Awdal region the deaths of five and wounding of four enemy soldiers are confirmed. The reports go on to say that the SNM fighters attacked troops loyal to Siad Barre stationed at Labi Sagaleh village in Hargeisa District, killing four enemy soldiers. The SNM lost three martyrs and four others were wounded in their operations in the north of the country. [Text] [(Clandestine) Radio Halgan in Somali to Somalia 1700 GMT 14 Feb 86 EA] /8918

CSO: 3400/1157

1986 BUDGET SPEECH ANNOUNCES NEW ECONOMIC MEASURES

Lusaka ZAMBIA DAILY MAIL in English 1 Feb 86 pp 3-4, 7

[Text of Speech by Minister of Finance and National Commission for Development Planning Luke Mwananshiku delivered to the National Assembly on 31 Jan 86]

[Text]

MR Speaker, Sir I beg to move that the House do now resolve into committee of Supply on the Estimates of Expenditure for the year 1st January, 1986 to 31st December, 1986, presented to the National Assembly in January, 1986.

2. Mr Speaker, Sir, I am a bearer of a message from His Excellency the President recommending favourable consideration of the Motion I now lay on the Table.

3. Mr Speaker, Sir, however one looks at it, the year that has just ended has been a very difficult one. Many of the problems we have experienced in our economy in recent years continued in 1985. These problems include:

- sluggish production in many sectors of the economy owing to shortages of inputs;
- significant pressures on prices leading to a fall in our real incomes;
- balance of payments problems; and
- a high rate of unemployment.

4. Because of those problems, it became necessary for the Party and its Government to take some very fundamental measures aimed at creating the conditions necessary for restoring growth to the economy in the medium term. These measures, by forcing an immediate adjustment in the economy, have proved to be very hard on all of us and more especially on those without jobs, those in the low income groups and those with fixed incomes. Despite those complications, the measures we have taken have the objectives of forcing the economy to live within its means and to set the stage for future growth.

5. Allow me Mr Speaker, Sir, to explore with the House this afternoon the conditions which prevailed in our economy last year and, to outline the policies for the future as we continue to re-adjust our economy in response to the problems we are still facing. But before I do that, let me, as in the past, review briefly the performance of the international economy in 1985.

PART I

INTERNATIONAL ECONOMIC CONDITIONS

6. Mr Speaker, Sir, the growth of output in the countries belonging to the Organisation for Economic Co-operation and Development (OECD) slowed down from 5.0 per cent in 1984 to 2.8 per cent in 1985. Most European countries showed modest improvements in the growth of real gross domestic product. On the other hand, the United States economy, which grew by nearly 7.0 per cent in 1984, recorded a growth rate of only 2.3 per cent in 1985. Japan was the only OECD country which recorded a growth rate of 5.0 per cent in 1985.

7. Unemployment in Europe persisted at levels which were close to those reached during the 1981-1983 economic recession. It was only the United States that, despite its low growth rate, succeeded in

maintaining a downward trend in unemployment. The reason for this is that the United States economy is characterised by fewer labour market rigidities than Western Europe.

8. Both interest rates and prices declined marginally in most OECD countries. The only exception was Britain where interest rates were raised sharply during the first quarter of the year in order to arrest the slide in the value of the pound sterling. In Japan wholesale prices were about 4.0 per cent lower in 1985 than in 1984. This was because of Japan's high productivity and enormous productive capacity.

9. During the first half of 1985 most of the major international currencies fell to new lows against the US dollar. This was despite the persistence of large deficits in both the US federal budget and the current account of the balance of payments. In September, however, the US authorities decided that the strengthening of the dollar was not only against their interest but was also damaging the world economy generally. They, therefore, reached an understanding with Japan, the Federal Republic of Germany, the United Kingdom and France under which the United States agreed to lower the value of the dollar through concerted intervention in the market place with the four countries. Since that agreement, the US dollar has lost value to a considerable extent and this is assisting to resolve the US balance of payments problems.

10. Mr Speaker, Sir, the economic performance of the developing countries, especially those in Sub-Saharan Africa, remained generally weak in 1985. The factors responsible for this include depressed commodity prices, heavy external debt service obligations, stagnant or declining flows of development assistance, restricted access to the markets of the industrialised countries and low rates of food production at a time of rapid population growth.

11. At their summit last year in Addis Ababa, leaders of Africa devoted the entire meeting to the discussion of the economic problems facing the continent. They adopted a priority programme covering the next five years. The main elements of that programme include:

—measures for an accelerated implementation of the Lagos Plan of Action and the Final Act of Lagos;

—special action for the improvement of the food situation and the rehabilitation of agriculture in Africa;

—measures for alleviating Africa's external debt burden;

—measures for a common platform for action at sub-regional, regional, continental and intercontinental levels; and

—measures against the effects of the destabilisation policy of the South African regime on the economies of the Southern African states.

12. With these measures, Africa has put herself in a position to address her economic problems which, in recent years, have caused untold misery and suffering amongst her people.

13. It is against this background that I now turn to the discussion of the economic conditions in Zambia in 1985.

PART II

ECONOMIC CONDITIONS IN ZAMBIA

14. As I have already said, Mr Speaker, Sir, the year 1985 was a very difficult year for the Zambian economy. Perhaps the best way of discussing the problems facing us is by first describing the country's balance of payments performance.

(a) Balance of Payments

15. Copper still remains the most important export commodity. In 1985 the price of copper on the London Metal Exchange averaged £1,104.00 per tonne compared to £1,032.00 per tonne in 1984. Most of this improvement was accounted for by the lower value of the pound sterling during the first nine months of 1985. During the fourth quarter, however, the pound sterling strengthened against the US dollar and the price of copper dropped to as low as £960.00 per tonne. Prior to the freeing of the exchange rate in October, the 1985 average pound sterling price of copper was equivalent to K2,429.00 per tonne. At the average exchange rate which prevailed during the last quarter of 1985, the corresponding figure was K6,624.00 per tonne.

16. The average prices of lead and zinc at the pre-auction exchange rate were K699.00 and K1,318.00 per tonne respectively, compared to prices of K805.00 and K1,610.00 per tonne respectively in 1984. The price of cobalt rose from K36,130.00 per tonne in 1984 to K57,408.00 per tonne in 1985 at the pre-auction exchange rate.

17. Copper exports continued to decline. In 1985 only 470 500 tonnes were exported compared to 540 450 tonnes in 1984 and 681 100 tonnes in 1980. This means that between 1980 and 1985 copper exports declined by 30.9 per cent—a very big fall indeed for a vital export commodity. Exports of cobalt at 3 870 tonnes remained at the same level as in 1984.

18. Mr Speaker, Sir, total export earnings in 1985 are estimated at only US \$850.0 million compared to US \$895.0 million in 1984, reflecting the 13.0 per cent fall in the volume of copper exports. When fourth quarter export earnings are reflected in terms of the Kwacha/dollar exchange rate prevailing after the introduction of the auction, they show a substantial increase in Kwacha terms. That is why, despite the fall in foreign currency earnings, total exports of goods amounted to K2,517.0 million in 1985. The nominal value of imports went up from K1,108.0 million in 1984 to K1,761.0 million in 1985. The increase is attributable mainly to the depreciation of the Kwacha against foreign currencies. However, during the last quarter of 1985, imports began to increase in real terms following the regular injection of foreign exchange into the economy through the auction system. The relaxation of restrictions on imports involving no initial allocation of foreign exchange also proved helpful in this direction.

19. Nevertheless, imports at this level were not sufficient to rekindle rapid growth in the economy and especially in those sectors that depend heavily on imported inputs. This is why problems continued in those sectors as we shall shortly see. Indeed, even the importation of crude oil was severely interrupted in the course of the year making it difficult for us to haul the crop and to continue smoothly with production in the mining sector.

(b) *The Mining Sector*

20. Mr Speaker, Sir, production in the mining industry continued with the downward trend that has been evident since 1976. Copper production fell from 522 000 tonnes in 1984 to 479 000 tonnes last year. Since 1976, copper production has fallen by nearly 33.0 per cent. This has very serious implications for our economy since it erodes our foreign exchange earnings.

21. It is in order to arrest this decline that the Party and its Government have embarked on a major programme of rehabilitation in the mining industry involving US \$75.0 million from the World Bank, UA 26.0 million from the African Development Bank and ECU 55.0 million from the European Economic Community.

Already, US \$32.0 million from the World Bank, UA 9.2 million from the African Development Bank and ECU 46.5 million from the EEC have been spent.

(c) *The Agricultural Sector*

22. Mr Speaker, Sir, production in the agricultural sector was on the up-turn last year owing to the somewhat better weather conditions that prevailed compared to the previous three years. As a result, maize production went up from 6.4 million bags in 1984 to 7.2 million bags in 1985. Although this was slightly below national demand, it was a great improvement for which all our farmers should be complimented. Other crops that showed marked improvement included soya beans, millet, sorghum, groundnuts and paddy rice. There was a slight reduction in production of virginia tobacco, coc cotton and sunflower.

(d) *The Manufacturing Sector*

23. Mr Speaker, Sir, the manufacturing sector which is excessively dependent on imported inputs has been one of the sectors very badly affected by the progressive shortage of foreign exchange. Nevertheless, output in 1985 grew by an estimated 9.0 per cent compared to only 1.0 per cent in 1984. I should, however, point out, Mr Speaker, Sir, that this increase in output was still far below the level achieved ten years ago. This means that we are still far from achieving satisfactory performance in this sector.

24. Mr Speaker, Sir, under the auction system of determining the exchange rate of the Kwacha and allocating foreign exchange, a real disincentive has been given to the manufacturing sector as far as the use of imported inputs is concerned. Inversely, a strong incentive has been given to the sector to use as much of the raw materials available in the country as possible because of their relative cheapness. Moreover, the auction system has given manufacturers an opportunity to have regular access to foreign exchange. Given the foreign resources that have been made available to this sector under the industrial re-orientation project financed by the World Bank and other donors, the manufacturing sector received US \$28.7 million through the auction during the last quarter of 1985. In the preceding quarter the foreign exchange allocated to all sectors of the economy was only US \$37.2 million.

(e) *Other Sectors*

25. Mr Speaker, Sir, the services sector continued to grow fast in 1985. However, growth in the electricity and transport and communications sectors was only marginal. Output in the construction sector remained severely constrained by

the absence of many new projects owing to the emphasis on rehabilitation rather than on the creation of new assets. The high cost of inputs also had an inhibiting effect.

(f) *Prices and Employment*

26. Mr Speaker, Sir, in the days when foreign exchange was readily available, lack of adequate production in the domestic economy was supplemented by imports. In the situation of limited foreign exchange, imports have had necessarily to be compressed leading to shortages of supplies in the economy. With aggregate demand continuing to grow mainly because of the Government budget deficit, the result has been a rise in consumer prices. The depreciation of the Kwacha at the beginning of October, 1985 added more pressure on prices.

27. Mr Speaker, Sir, there were indications that a small net loss of jobs occurred in 1985. This was the result of the prolonged stagnation of production in the economy. Even the sectors that recorded some improvement in output did not have the need to hire additional labour since they were already overmanned at the prevailing low levels of capacity utilisation.

(g) *Gross Domestic Product*

28. Mr Speaker, Sir, after three years of almost continuous decline, the gross domestic product grew by 3.4 per cent in real terms in 1985. Although this growth rate was just enough to forestall a further fall in per capita income, the increase in national output is an indication that the policies we have adopted are beginning to work. But as I shall point out later, the main thrust of economic policy in 1986 will be to build on the measures we have already taken in order to increase production and exports.

32. Although total revenue was above the Budget estimates, it was well below the level of the total expenditure incurred. Preliminary estimates indicate that the deficit was in the region of K500.0 million. A large portion of this deficit was financed by borrowing from the banking system.

Part III

Fundamental Issues in the Economy

33. If we examine critically the account I have so far given regarding the performance of our economy, it will be seen that our economic problems fall into three distinct but related groups. The first is the severe shortage of foreign exchange which has badly affected the performance of our economy and especially those sectors that depend heavily on imported inputs. The second problem is lack of adequate production in the economy and the third is the persistence of serious imbalances in Government finances.

(h) *Government Budget*

29. Mr Speaker, Sir, allow me now to discuss briefly the Budget out-turn for 1985. The total expenditure authorised by this House in 1985 amounted to K2,181.7 million of which K343.3 million was through supplementary estimates. K1,820.4 million of the total amount was for recurrent expenditure while the balance was in respect of capital expenditure. Preliminary expenditure figures show that by the end of the year, K1,662.0 million of the recurrent provision and K350.0 million of the capital provision were spent, bringing total expenditure to K2,012.0 million.

30. Mr Speaker, Sir, there was some improvement in revenue collection. Total recurrent revenue, including capital grants, exceeded the Budget estimate of K1,454.9 million by K78.7 million. This increase was attributed to the enhanced collection under customs, excise and sales taxes and income tax. Collection by the Department of Customs and Excise amounted to K787.3 million exceeding the Budget estimate of K677.6 million by K109.7 million. The main components of the total collection were:

K138.6 million—duty on imports;
K157.0 million—sales tax on imports;
and
K359.4 million—excise duty.

The rest was accounted for mainly by the sales tax on domestic goods and services.

31. Receipts under the Income Tax Act were also generally satisfactory. They exceeded the Budget estimate of K370.7 million by K37.6 million.

34. The shortage of foreign exchange is an over-riding issue because the mining industry, which generates practically all our foreign exchange earnings, is not now in a position to do so for the reasons I have already given and which have been explained from time to time by the Party and its Government. Unless the income lost as a result of the fall in the contribution of the mining industry is recovered or replaced rapidly by income from other sources, the economy will grind to a halt. As His Excellency the President said, "We have to export or perish."

35. Mr Speaker, Sir, the second fundamental issue facing us is the lack of adequate domestic production in the economy. From the information I have already provided, the House will observe that the evolution of our gross domestic product in recent years has been most unsatisfactory. The agricultural sector has not grown as fast as we would have wished and growth in the manufacturing sector has stalled owing to the shortage of inputs. Besides creating a situation of inadequate supplies in the economy, lack of adequate production has meant that apart from minerals, very few exportable surpluses are being generated in the economy.

36. But even more worrying is the share of services in the gross domestic product. The share of services has increased from 25.3 percent in 1964 to 34.0 percent in 1974 and 43.6 percent in 1984. It is estimated that the contribution of services to the gross domestic product declined slightly to 40.0 percent in 1985. These figures clearly show that our economy is service rather than goods-oriented. This is why we have a persistent shortage of commodities and this is also the reason why prices have been rising.

37. The imbalance in the Government budget is the third problem facing the economy. Banking sector financing has such serious implications on aggregate demand that unless it is reduced the pressures we have in the economy will continue.

38. Mr Speaker, Sir, what is significant about the problems I have described is that they have been with us for the last ten years. The lesson we have learnt is this: Unless we did something about them those problems would continue especially bearing in mind the production problems in the mining industry. And if they continued, scarcities would intensify and prices would continue to rise leading to reduced incomes for all of us.

39. It was against this background that the Party and its Government decided last year to introduce a number of measures designed to address some of these problems. By far the most important measure was the auctioning of foreign exchange. As we have explained many times before, this measure is intended to achieve the following economic objectives. Firstly, it is intended to make it easier for us to export. Zambia is a landlocked country. This alone makes it difficult for us to export because of the high transportation costs. In addition, the mining industry has tended to encourage high wages in the economy with the result that the costs of production are generally higher than in the neighbouring countries. The combination of

these two factors means that Zambia cannot easily compete in the international market place. The best way of encouraging non-mineral exports is by adopting an exchange rate policy which not only makes us competitive but also rewards the exporter adequately to Kwacha terms.

40. The new exchange rate system is also intended to deal with the problem of excessive dependence on import especially in the manufacturing sector. Most of our industries were set up on the basis that they would be able to import inputs from outside. The question of utilising our own raw materials did not arise. The reason for this was that it was easier and cheaper to import raw materials from outside than to develop them from local sources. During the period when we had a lot of foreign exchange this situation did not perhaps matter very much. Now it does. In the absence of adequate foreign exchange for importing raw materials, industries have been affected a great deal and this has forced them to lay off a lot of labour.

41. If this trend has to be reversed, it is important that industries should, as much as possible, use the raw materials which are available in Zambia and which have remained unutilised for so long. This is the most effective way of cutting down on foreign exchange utilisation and ensuring that labour is retained in employment.

42. The third reason for the introduction of the new exchange rate system had to do with the utilisation of appropriate technology in the economy. Where labour is abundant--as is the case in Zambia today--it is absolutely important that it should be utilised to the greatest extent possible. Yet the tendency in the past has been for industries to use maximum capital and minimum labour. Such utilisation of resources does not reflect the availability of factors in the economy. Since labour is what we have in abundance, that is what we should employ abundantly. Capital, on the other hand, is scarce and we should use it sparingly. By changing the relative cost of labour and capital in favour of labour, the auction system will assist to ensure the creation of more employment opportunities in the country.

43. Mr Speaker, Sir, I referred earlier to the need for us to export in order to make up for the loss of foreign income as a result of the fall in both real copper prices and production. It is, therefore, necessary that we earn more foreign exchange from non-mineral exports. But even more important than merely earning foreign exchange is the need to ensure that all foreign exchange users have an equal opportunity of access to the scarce national resources available. This is particularly important where scarcity is serious and continuing. The previous system of allocating foreign exchange was only good when we had enough resources to meet all our national requirements. Now that this is not possible, it is necessary that a new system is devised to give everyone an equal chance. The auction system is such a mechanism.

44. Since we introduced the new system and the accompanying measure to remove import licensing controls, there is already some evidence that the new system is beginning to achieve its objectives. Firstly, confidence in our economy is returning and a number of investors are already making inquiries about investment opportunities in our country. Secondly, evidence is emerging that the prices of some goods are beginning to decline now that the business sector is able to import their requirements without having to go through middlemen. Moreover, with imports now being paid for promptly, the charges which used to be included in the prices have been discontinued. Thirdly, the volume of revenue is starting to benefit from the changes. Last December alone, the amount of revenue collected in customs duty and

sales tax on imports reached K20.7 million compared to an average of K11.5 million during the preceding eleven months.

45. Mr Speaker, Sir, the changes we have recently made in economic policy cannot be without cost. The sharp increase in prices of consumer goods has hit all of us. Yet without these measures, our economy would continue on the road of decline and the sacrifices we would be required to make later would be infinitely greater than what we are enduring now.

46. Another policy change we dealt with last year related to the liberalisation of interest rates. This resulted in an immediate rise in interest rates, with the commercial bank lending rate for the least credit-worthy borrower reaching 30.0 per cent in 1985. The reasons for allowing interest rates to reflect the economic conditions in the country are three. Firstly, the immediate objective was to buttress the other measures taken to strengthen the economy by controlling aggregate demand in order to reduce inflationary pressures and the balance of payments deficit. As the House is aware, lending by commercial banks has a similar effect on demand as Government expenditure financed by recourse to the banking sector.

47. The second reason and perhaps one that is even more important for the long term future of our national economy was to improve resource allocation. One way of doing this is by discouraging the use of capital intensive methods of production which is itself the result of the low cost of capital. Therefore, in order to buttress the other policies to which I have already referred, it is necessary to allow interest rates to rise.

48. The third reason for allowing interest rates to rise is in order to encourage savings. Time and again this House has advised against excessive dependence on foreign loans for the development of our country. Yet savings in Zambia have tended to remain low because the ruling interest rates, at well below the rates of inflation, have discouraged the inclination to save.

49. The third area of policy we have paid attention to relates to production in the agricultural sector. I have already referred to the preponderance of services in the gross domestic product. In order to reduce the percentage of services in our gross domestic product, it is necessary that we promote rapid growth of production in other sectors of the economy and more especially in the agricultural sector. The agricultural sector is important because

of its potential to promote economic recovery through increased output, diversification of exports and enhanced food security.

50. To induce more activity in this sector, we have taken two important steps. First of all, and as the House knows, we have increased substantially the prices of all agricultural products. Apart from the price of maize, the prices of all other products are base prices. The actual prices which the farmer gets depend on the availability of the product on the open markets. In the case of maize the price continues to be controlled. However, for this agricultural season, the price has been increased very substantially from K28.32 per 90 kg bag in the previous season to K55.00 per 90 kg bag. Hopefully, this has encouraged our farmers to produce more especially in view of the better weather conditions prevailing this year.

51. The second important step taken in the agricultural sector was announced by His Excellency the President at the official opening of this Session on 17th January, 1986. This is the ending of the National Agricultural Marketing Board monopoly in the marketing of maize and fertilizer. Under the new system, it will be possible for Namboard, co-operative societies and individuals to participate in the marketing of these commodities. Namboard will, however, remain the buyer of last resort. Namboard will also be responsible for keeping the national stock. It is my hope that this measure will assist to remove some of the problems that have affected the marketing of these commodities in recent years.

PART IV

ECONOMIC POLICY IN 1986

52. Mr Speaker, Sir, having discussed the performance of the economy in 1985 and the measures we took to address the problems, allow me now to discuss with the House the economic policy for 1986. As I have already stated, the basic problems facing our economy are scarcity of foreign exchange, lack of adequate production and large imbalances in the Government budget. These problems will be with us this year and in the next few years. The policy we adopted last year was intended to address these problems. For 1986 our basic strategy will be to build on the foundation we have already laid. In particular, our policy will be aimed at:

- promoting the growth of non-mineral exports as quickly as possible;
- mobilising additional resources from outside;
- promoting domestic production;
- containing the pressures on prices;
- stabilising the exchange rate; and
- lowering interest rates.

Allow me, Sir, to discuss these points in some detail.

(a) Encouraging Non-traditional Exports

53. The case for encouraging non-traditional exports has already been made. Let me simply reiterate the basic argument. In 1964, the contribution of non-mineral exports to total foreign exchange earnings amounted to K7.3 million or 4.5 per cent. In 1974 that contribution stood at K21.6 million or 2.4 per cent of the total exports. Ten years later, in 1984, the contribution of non-mineral exports was K80.3 million or 4.9 per cent of the total export earnings. Twenty-one years ago the share of non-mineral exports in total earnings did not perhaps matter very much because earnings

from minerals were more than sufficient to meet our national needs. As we have pointed out many times, the situation has changed—and changed for the worse—and this means that we have to react to the problems in hand and create other sources of foreign exchange.

54. Mr Speaker, Sir, this is not to say, however, that we shall soon be able to replace copper as the main source of foreign exchange. The truth is that for some time to come the mining industry will continue to be the country's main source of foreign exchange. This is why the process of rehabilitation must proceed and succeed. But since the foreign exchange earnings from the mining industry are on the decline, it is necessary and indeed imperative that we continue to increase the volume of non-mineral exports.

55. Last year I described the measures we took to encourage exports. We have now taken two additional measures. Firstly, this House has already passed the Export Development Board Act. Under this Act, a board will be established whose functions will include advising exporters on the markets available for their products and on any other issues relevant to the business of exporting. Secondly, we have taken action to streamline the system of duty draw-backs which allows exporters to claim back the duty paid on imported inputs used in production for export.

Budget at a glance

EXPENDITURE	K IN MILLION	RESOURCES	K IN MILLION
Recurrent Expenditure			525.1
Personnel Emoluments	661.9	Income Tax	525.1
Recurrent Dept. Charges	891.7	Customs Excise & Sales Tax	1604.8
Grants & Other Payments	218.4	Mineral Export Tax	750.0
Pension & Gratuities	40.3	Capital Grants	499.2
Subsidies	333.8	Other Receipts	93.1
Contingency Vote	69.6	Total Receipts	3472.2
Constitutional and Statutory Expenditure	2340.4	Net Deficit	1788.8
Capital Expenditure	704.9		
	<u>5261.0</u>		<u>5261.0</u>

Net deficit will be financed by
 Non bank borrowing
 Bank borrowing
 External resources

K'MILLION
70.0
100.0
1618.8
<u>1788.8</u>

56. It is my hope, Mr Speaker, Sir, that these measures, together with the very attractive exchange rate now in existence and the other incentives, will encourage those who are already in the business of exporting to expand the volume of their exports. It is also my hope that new exporters will emerge to join the vital business of strengthening our economy. Thus in 1986 our accent will be on expanding exports.

(b) *Mobilising Additional External Resources*

57. Mr Speaker, Sir, the country's external assistance requirements have been growing rapidly over the last few years. This is partly because of the serious decline in our export earnings. The other reason is that our external debt service obligations have also increased considerably. This means, Mr Speaker, Sir, that even as we continue with the process of diversifying our export earnings, it will be necessary for us to seek additional support from the international community.

58. External support will take three forms. Firstly, we shall continue with the process we started in 1984 of asking for financial support through the mechanism of consultative group meetings. Direct approaches will also be made to those countries that are not members of the group.

59. In 1985 two consultative group meetings were held in Paris under the chairmanship of the World Bank. The countries and institutions present at the meetings responded favourably and generously to our request for support. Allow me, Mr Speaker, Sir, to take this opportunity to express my profound appreciation to all the countries and institutions which attended the meetings and responded so generously to our appeal for assistance.

60. Mr Speaker, Sir, it is our intention to hold another consultative group meeting some time in the middle of the year to mobilise additional assistance. I am confident that the further assistance we require will be forthcoming.

61. But external assistance provided by the donors can be available to us only if the aid is drawn on promptly. Experience in recent years has shown that this has not always been the case. I wish now to inform the House that efforts are being made to streamline the administration of aid. Already a unified structure for the administration of loans and grants has

been created at the Ministry of Finance. I should, however, emphasise that the effectiveness of the new system requires the full co-operation of the other Ministries and Departments.

62. Mr Speaker, Sir, the second leg of our efforts to mobilise additional support for our country consists in reaching another agreement with the International Monetary Fund. The measures we took in 1985 have improved the prospects of increasing production and reducing the domestic and the external imbalances which have prevailed in the economy for a long time. A more favourable environment has thus been created for concluding a new agreement with the Fund. So far our discussions with the Fund have gone reasonably well and, with Zambia now current with the Fund, I am confident that agreement will be reached soon.

63. The third leg of our resource mobilisation effort will involve the comprehensive rescheduling of part of Zambia's medium and long-term debt. Problems in debt servicing have arisen not so much because of the size of Zambia's external debt but because of the rapid fall in our export earnings.

(c) *Increasing Domestic Production*

64. As I have already pointed out, lack of adequate domestic production is one of the three principal problems facing the economy at the moment. It has the effect of stimulating inflation and making it difficult for us to create exportable surpluses and more jobs.

(i) *Agricultural Sector*

65. Clearly, Mr Speaker, Sir, we must continue to take action to stimulate rapid production in all sectors of the economy. In the agricultural sector we have already taken the two important policy measures to which reference has been made, namely the increases in producer prices of all commodities and the removal of the existing monopoly in the marketing of maize and fertilizer. With these important decisions in hand, our attention this year and in the future will be directed at improving the extension services and agricultural research. We are also taking action to support a number of large agricultural schemes which are aimed at producing a variety of crops for domestic consumption and export.

66. Three other areas will receive increased attention. These include agricultural resettlement, expansion of the area under irrigation and the administration of credit. Now that many people want to return to the land, it is important

that we assist them to do so. We hope to do this by identifying possible areas of resettlement and providing some essential services in these areas in readiness for individuals and co-operatives settling there to engage in agricultural production.

67. At present only an estimated 15 000 hectares of Zambia's agricultural land is under irrigation. Quite clearly this is most inadequate for a country of our size. It is, therefore, our intention to look for resources for investment in expanding the land under irrigation so that both small-scale and commercial farmers can step up production of irrigated crops.

68. The administration of agricultural credit has in the past not been entirely satisfactory. It is the intention of the Party and its Government to merge the Zambia Agricultural Development Bank and the Agricultural Finance Company in order to streamline the administration of credit.

69. Mr Speaker, Sir, all these measures are being taken in the broad context of giving a new impetus to agriculture in its many facets. I should, in this context, mention that the balance of the credit of US \$68.0 million which we obtained last year for the purpose of agricultural rehabilitation and which is made available to the farming community through the auction system will be available in 1986. To encourage speedier utilisation, we have amended the terms and conditions to include the purchase of fuel and vehicles for the transportation of agricultural produce.

(ii) Industrial Sector

70. In the industrial sector, we shall continue with the policy of raising capacity utilisation and the more intensive use of local raw materials. As in the case of the agricultural sector, the balance of the resources we mobilised last year for the rehabilitation of this sector will be available in 1986 through the auction system.

71. In order to improve productivity and efficiency in the parastatal sector, we are carrying out a number of exercises. Agreement has already been reached for the rehabilitation of the Nitrogen Chemicals of Zambia Limited involving financial outlays of DM68.0 million from the Federal Republic of Germany, Yen 6.3 billion from Japan and US \$10.0 million from the World Bank. Agreement has also been reached for the rehabilitation of Zambia Railways involving US \$55.7 million, Maamba Collieries involving US \$28.5 million and the oil pipeline involving US \$4.1 million. Proposals for

strengthening our parastatal companies are being worked out. Our broad objective is to adapt our companies to the changing economic environment in our land.

(iii) Mining Sector

72. Mr Speaker, Sir, I have already referred briefly to the rehabilitation programme in the mining industry. In order to arrest the decline in copper production, ZCCM has prepared a comprehensive production and investment plan covering the three-year period beginning January, 1986. The basic objective of this plan is to rationalise the operation of the company with a view to increasing productivity and output. Under this plan, ZCCM has regrouped its subsidiaries which are not related to mining into a separate holding company that will be distinct from ZCCM.

73. In support of this rehabilitation process, the Party and its Government have agreed that ZCCM should be allocated a sum of US \$320.0 million over the course of this year for its mining operations. Those subsidiaries of ZCCM which are not related to mining will be required to bid for their foreign exchange needs like any other company. While talking about the foreign exchange needs of ZCCM, I should inform the House that the World Bank has now agreed to release the remaining US \$30.0 million which was part of the original rehabilitation loan of US \$75.0 million.

(iv) Tourism

74. The tourism sector will also receive increased attention in 1986. Already the Party and its Government are proceeding with the extension of the Inter-Continental Hotel in Lusaka involving the addition of one hundred and ninety-two rooms and the renovation of the Musi-O-Tunya Hotel in Livingstone at a cost of K175.1 million. The rehabilitation of parastatal and private hotels and lodges is also continuing. The favourable exchange rate policy should assist to attract more tourists to our country.

(v) Fighting Against Inflation

75. The next policy element I would like to refer to concerns the fight against inflation. In my assessment of the performance of the economy in 1985 I referred to the upsurge of price rises in the economy. Some of the price increases have been the consequence of the devaluation of the Kwacha following the introduction of the auction system. But also some of the price increases were due entirely to our business community

wanting to earn more and more money quickly.

76. Mr Speaker, Sir, now that the main price effects of the Kwacha devaluation have worked their way through the economy, and the supply situation is slowly improving, our businessmen should not act as if there was no limit to what the consumer can pay. After all the business community has a vested interest in price stability.

(vi) *Stabilising the Exchange Rate*

77. Mr Speaker, Sir, now that the Kwacha, like most other currencies, is free to find its own level, it is important that, to stabilise the rate, we pursue those policies which will assist us to regulate aggregate demand in the economy. Such policies include reduced access to the banking system for the purpose of financing Government expenditure. In 1986 borrowing from the banking system will be limited to K100.0 million only. This means that we have to redouble our efforts to collect revenue and to draw on the grants and credits which have been extended to Zambia by the donor community.

78. The other way of reducing pressures on our exchange rate is by controlling the amount of money lent by the banking system. Lending for consumption should be curtailed so that the resources available to us can be directed mainly to the development of our economy. In this respect, I have instructed the Governor of the Bank of Zambia to monitor closely credit expansion to ensure that growth complies with our targets for the year. If necessary, commercial banks should be guided in their lending policy.

(vii) *Interest Rates*

79. Mr Speaker, Sir, the last policy area that will continue to engage our

attention in 1986 is the lowering of interest rates. Interest rates rose last year not only for the reasons I have already discussed but also because the rate of inflation in the country has been high in recent years. If the measures we are taking succeed and if in particular the rate of inflation in the country is contained in 1986, the rates of interest should begin to fall. For, as we all know, persistently high interest rates can do harm to the economy by discouraging genuine investments.

80. Mr Speaker, Sir, what I have been summarising in this part of my statement are the policies we plan to follow in 1986. If all those policies taken together succeed, which they must, they will assist the economy to move towards the economic recovery that has eluded

our country for so long. But like everything else, policies do not work on their own. They require to be implemented by people and people who are committed to the course of our country. What I am making is an appeal—an appeal to all of us to work hard. I have already made reference to the generous assistance we are receiving from the donors. But, as His Excellency the President has continued to tell us, responsibility for developing our country lies entirely in our own hands. Others can only help us.

PART V

BUDGETARY POLICY IN 1986

81. Mr Speaker, Sir, allow me now to discuss the budgetary policy for 1986.

82. Earlier this afternoon, I identified the imbalance in the Government finances as one of the three basic problems facing the economy of Zambia today. This problem has emerged because expenditure is growing faster than the resources. In recent years, we have had recourse to banking sector financing to support the budget. Let me explain that there is no basic problem in borrowing limited amounts from the banking system to support public expenditure. This is particularly the case where foreign exchange is available to sustain the increased expenditure. However, when large amounts are involved and foreign exchange is not readily available enormous economic difficulties can arise from this type of financing.

83. The problems that have beset our country for the last one decade clearly mean that we have to continue reassessing our position in this matter so that we can reduce this form of financing. Unless we do this, the problems that have been with us will continue unabated. This is why it is ever so necessary that we try to limit our expenditure to the real resources in hand.

84. Given the limitations on domestic resources, it will be necessary for us to continue exploring ways and means of reducing the rate of expenditure growth. Last year, I referred to the high share of personal emoluments, subsidies and debt redemption costs in the total Government expenditures. It is my view that these and related areas should continue to receive the attention of the Party and its Government with a view to reducing them.

85. Already, Mr Speaker, Sir, the Party and its Government have announced their intention to reduce the size of the public service and the number of our diplomatic missions. These are very important measures which show our determination to come to grips with the economic problems facing our country.

86. Mr Speaker, Sir, the need for reducing the subsidies has already been accepted by the Party and its Government and steps have been taken from time to time to reduce the outlays on this item.

87. We cannot obviously do very much about the debts that are already contracted. I must, however, mention that a number of friendly countries have, as I have already reported, continued to give us support by way of debt rescheduling. Some have even converted part of the previous debts into outright grants. We are most grateful for this gesture and hope that a number of other countries, in recognition of the problems facing us, will come forward and do the same. On our part, we have continued to urge donors to give us either straight-forward grants or loans on the softest terms possible.

88. But in a situation of reduced internal and external resources what we require is better expenditure planning. To do this, we have decided to extend the reforms we have already been carrying out in the planning and budgetary process. This reform programme has three basic aims:

- to use a medium term financial plan to forecast the amount of resources likely to be available to us;
- to create a framework for assessing the impact of policy decisions on expenditure, and
- finally, to provide guidelines to ministries to be used in the preparation of the budget.

89. Thus, the annual plan will be used to guide the allocation of resources along the lines of the development priorities agreed upon.

PART VI THE 1986 BUDGET

90. Mr Speaker, Sir, before I discuss the 1986 Budget, let me deal with one preliminary point. It was the intention of the Party and its Government to launch the Fourth National Development Plan at the beginning of this year. However, owing to the need to consolidate the measures we took last year, the Party and its Government have decided that the Fourth National Development Plan should start from 1st January, 1987.

91. Let me now turn to the two remaining matters, namely, the levels of expenditure for 1986 and the necessary fiscal changes.

92. In arriving at the level of expenditure for 1986 I have borne in mind not only the problem of limited resources which I have already touched on but also the modifications in the exchange rate we carried out last year. In some areas of expenditure, figures have been raised to take account of these changes. In other areas, where we really want expenditure to fall in real terms, growth in expenditure has been restrained.

93. Another principle that has guided my decisions in this respect is the need to increase those expenditures that are necessary to support growth of production in our economy. In this respect, although I realise that not as much money as I would have wished has been allocated to the Ministries which are concerned with the rural sector, a definite effort has been made to make resources available to production-related activities in this sector.

94. Mr Speaker, Sir, I have also been conscious of the fact that a number of Government projects have remained uncompleted for some time. Within the confines of the resources available, I have attempted to provide some money to ensure that these projects are completed.

EXPENDITURE AND RESOURCES

95. Mr Speaker, Sir, the total amount of expenditure proposed in 1986 is K5,261.0 million, compared to the budget figure of K1,836.8 million last year. As I have pointed out already, much of the increase is explained by the need to make up for the depreciation of the Kwacha. Out of this total, K2,215.7 million covers recurrent expenditure. Constitutional and statutory expenditure accounts for K2,340.4 million. The remaining amount, i.e. K704.9 million, covers capital expenditure.

96. The K2,215.7 million provided under recurrent expenditure is broken down as follows:

	<i>K'million</i>
Personal Emoluments ..	661.9
Recurrent Departmental Charges ..	891.7
Grants and Other Payments ..	218.4
Pensions and Gratuities ..	40.3
Subsidies ..	333.8
Contingency Vote ..	69.6
TOTAL ..	2,215.7

97. An item that is attracting increasing attention in my ministry is 'grants and other payments'. Grants are made mainly to our institutions such as the University of Zambia, National Council for Scientific Research and the President's Citizenship

College. These do not generally present major problems. What they need is an increase in allocation so that these institutions and especially the University can continue to operate efficiently. The part of the item that is creating increased concern is that which consists largely of our subscriptions and contributions to international organisations. The amount, which is paid invariably in foreign exchange, is increasing and is putting additional pressures on our reduced foreign resources.

98. Pensions and gratuities have remained relatively small and their impact on the budget is limited.

99. The resources available to support the expenditure figures I have referred to amount to K3,472.2 million and are broken down as follows:

	K'million
Income Tax	525.1
Customs, Excise and Sales Tax	1,604.8
Mineral Export Tax	750.0
Capital grants	499.2
Other receipts	93.1
TOTAL	K3,472.2

100. As will be seen, a very large gap of K1,788.8 million remains. This gap will be covered by local and external resources. Local borrowing will be in two parts. The first part will consist of non-bank borrowing. The estimate for this is K70.0 million. The second part will consist of banking sector borrowing. As I have already explained, this will be limited to K100.0 million.

101. External resources will amount to K1,618.8 million. All this money is either already committed to on-going projects and programmes or consists of general support to Zambia.

102. As I have already reported to the House, revenue from income tax last year was in excess of the budget target. I am now hoping that with the gradual improvement in foreign exchange availability and production in the economy, we can increase our 1986 receipts even further. To this end, I have made provision in the expenditure estimates for the Income Tax Department to have more transport. The problem of staff and housing is also being looked into separately.

103. The Department of Customs and Excise also expects to increase its revenue receipts in 1986 as it did in 1985. Again, I want to assist the Department with more transport. I am also trying to resolve some of their other problems. With more

imports gradually coming in, I am confident that the Department will again win the day.

104. Mr Speaker, Sir, the taxation of the mining industry has continued to pose problems. On the one hand, the liquidity of ZCCM has improved greatly with the depreciation of the Kwacha. On the other hand, however, I have to take into account the facts that some of ZCCM's obligations abroad have also increased and that the company is engaged in an important exercise of rehabilitation. Balancing these facts together, I have come to the conclusion, that the current rate of mineral export tax at 13 per cent should continue at least for the moment even though the law allows me to raise the rate to 20 per cent. In the meantime, I am studying the whole question of the taxation of the mining industry. When this review is over, the tax level will be re-examined.

105. Other sources of revenue will be followed up with vigour so that all that must come in, actually does so.

REVENUE MEASURES

106. Mr Speaker, Sir, deciding new revenue measures in a contracting economy is not easy at any time. It has been particularly difficult this year. The Party and its Government have been very conscious of the fact that the measures we have recently taken to address some of the problems of our economy have inevitably involved a reduction in real incomes. This means that in designing the tax measures of this year I have had to bear this consideration in mind and give the tax payer some relief within the confines of the possibilities available to me.

107. Nevertheless, with increased expenditures, it is necessary to adjust upwards certain taxes in order to cover the gap in the budget.

(a) Customs Duty

108. Mr Speaker, Sir, under this item I am proposing only three changes relating to penalties for the late payment of duty, the minimum rate of duty and the duty on motor vehicles.

(i) Penalty for Late Payment of Duty

109. Mr Speaker, Sir, at the moment the penalty for late payment of duty is only 5.0 per cent of the tax due. Since the penalty has been relatively small, it has not given adequate encouragement

to the people concerned to pay the tax. To give late payers of tax some encouragement, I am proposing to change this situation by increasing the penalty from 5.0 per cent to 10.0 per cent. If this still proves inadequate, the rate will be increased further.

(ii) *Minimum Tax Rate*

110. Mr Speaker, Sir, in 1984 and again in January last year, legislation was approved by this House which had the objective of increasing the rates of customs duty as a way of discouraging capital intensity in the economy and encouraging the utilisation of the raw materials available locally. A number of small items escaped those exercises and must now be brought in. Moreover, in order to raise more revenue, it is necessary to raise the minimum rate of duty from the present 10.0 per cent to 15.0 per cent. In doing so, I have also changed the formula which governs the calculation of the related sales tax on imports in such a way as to reduce the effective rate of this tax by 1.8 per cent.

111. In line with existing policy, agricultural inputs and those connected with education and health will remain unaffected by these changes in tariff policy. This means that these categories of imports will continue to be duty-free.

(iii) *Motor Vehicles*

112. Mr Speaker, Sir, towards the end of last year, I changed the rate of duty applicable to passenger cars in such a way that the maximum rate was reduced from 150.0 per cent to 100.0 per cent. It is now clear to me that that reduction, taken together with the existing sales tax and the loading of 25.0 per cent, did not go far enough. Motor vehicles are still very expensive in Zambia and are beyond the reach of practically all Zambians except perhaps those in business.

113. To improve the situation a little, I am now proposing a change in the way the duty on motor vehicles is calculated. The existing rates will be replaced by new rates which will be calculated on the basis of a formula which will add 12.5 per cent to the product of the figure representing the Kwacha value of a car for duty purposes multiplied by 0.0005, provided that the minimum duty shall be 30.0 per cent and the maximum 100.0 per cent.

114. The result of this modification will be to lower the rate of duty applicable.

115. All these changes I have announced will yield an estimated K350.4 million and will become effective tomorrow, 1st February, 1986.

(b) *Excise Tax*

116. Mr Speaker, Sir, before I discuss the individual items, let me deal with one basic point of general policy. So far, excise duties have been levied on the basis of specific rates. In circumstances of inflation, this has the effect of depressing revenue by making it less responsive to the price level. To rectify this, I am proposing that excise duties should be converted to an *ad valorem* base in order to increase tax elasticity. The only exception to this change will be the tax on petroleum products which will, for this year, remain as at present.

117. With this change, I can now discuss the individual items.

(i) *Potable Spirits*

118. It is my proposal, Mr Speaker, Sir, that the tax on potable spirits should remain unchanged at the present level equivalent to 25.0 per cent of the ex-factory price. However, I propose to withdraw the existing rebate as part of the general policy of removing this type of incentive.

(ii) *Clear Beer*

119. The excise on clear beer is at the moment equal to approximately 65.0 per cent of the ex-factory price of beer. I realise, Sir, that in recent years this item has attracted increases in duty almost every year. Time has now come to reassess the situation. I believe that a slight reduction in duty is now called for. Accordingly, I am proposing that the duty on beer should be reduced marginally to 60.0 per cent or by approximately 2.3 ngwee per bottle.

(iii) *Soft Drinks*

120. Sir, tax on soft drinks such as coca-cola, fanta and sprite has also been subject to regular increases in recent years. Like that on beer, it requires a reduction from the present level equivalent to 35.0 per cent to 25.0 per cent. This means that the tax is being reduced from 17.7 ngwee to 12.6 ngwee per bottle.

121. Mr Speaker, Sir, there will be no change in the tax on cigarettes. The only change is that the present tax is being converted to an *ad valorem* base.

122. As the House will, I am sure agree, the loss in revenue I am suffering as a result of these changes must be made up in some way. Three items will assist in this recovery process. These are sugar, wine from fresh fruits and petroleum products.

(iv) *Sugar*

123. Mr Speaker, Sir, the tax on refined sugar is presently at 11.0 per cent of the value. Since sugar is one of the commodities being exported, it is my view that a basic change in taxation is required. In order to allow refined sugar (otherwise called white sugar) to continue being exported, I am proposing that the tax on it should be raised from 11.0 per cent to 20.0 per cent. The objective is to discourage the consumption of this type of sugar. On the other hand, I am proposing that the tax on unrefined or brown sugar should stand at only 10.0 per cent.

(v) *Wine from Fresh Fruits*

124. Evidence available suggests that wine from fresh fruits is now being produced in Zambia on a commercial basis. This new product must, like all others of a similar nature, attract tax at 20.0 per cent.

(vi) *Petroleum Products*

125. Mr Speaker, Sir, I pointed out earlier that last year we experienced serious difficulties in the importation of oil, basically because of foreign exchange problems. Those problems will still be with us in 1986. We must, therefore, continue to reduce the consumption of petroleum products. Moreover, we must induce an efficient use of these scarce items. The best way of bringing about such a change is, as we have done before, by using the price mechanism.

126. But in proposing an increase in the tax applicable to petroleum products, I must correct one serious anomaly that has existed in the taxation of these products. This is that we have taxed mainly petrol, diesel and kerosene leaving some of the other products untaxed. This has tended to concentrate the tax on these few products.

127. I am, accordingly, proposing, Mr Speaker, Sir, that the taxation of these commodities should be modified in the following way. Firstly, heavy fuel oil does not at present attract any tax at all. I am now proposing that there should be an excise duty of K230.00 per tonne. The second item is light fuel oil. This, too, has not attracted any tax in the past. I am proposing that there should be a tax of K290.00 per tonne.

128. The duty on the other products which have attracted duty in the past will change as follows:

- super petrol from K0.42 per litre to K0.45 per litre;
- regular petrol from K0.38 per litre to K0.41 per litre;
- diesel from K0.32 per litre to K0.33 per litre;
- low sulphur gas oil from K0.32 per litre to K0.33 per litre;
- liquefied petroleum gas oil from K0.20 per litre to K0.30 per litre; and
- kerosene from K0.10 per litre to K0.11 per litre.

129. All the changes I have referred to will yield K35.3 million in revenue and will take effect at mid-night tonight.

(c) *Sales Tax*

130. Mr Speaker, Sir, I am proposing only one change under this item. Presently the tax on telecommunications and related services stands at 10.0 per cent only. It is now my proposal that we raise it to 15.0 per cent. As a result of this proposal, additional revenue to the extent of K6.0 million is expected. The measure itself comes into effect tomorrow, 1st February, 1986.

131. Mr Speaker, Sir, at his recent Press Conference, His Excellency the President referred to the need to establish a tariff commission. The functions of this commission will be to examine the existing tariffs under the Customs and Excise Act and the Sales Tax Act. The commission itself will be appointed soon to start its work.

(d) *Income Tax*

132. At this point, Mr Speaker, Sir, let me turn to the discussion of the changes I am proposing under the Income Tax Act.

(i) *Capital Allowance on Motor Vehicles*

133. The first item I want to discuss is the capital allowance on motor vehicles. Currently, Sir, capital allowance on motor vehicles stands at only K9,000 for income tax purposes. With the recent increase in the value of motor vehicles following the depreciation of the Kwacha, it is necessary to review this ceiling. I am accordingly proposing that the allowance be raised to K25,000.

(ii) Tax on Pensioners' Income

134. As I have pointed out earlier, the changes we have introduced in the process of rehabilitating the economy have created serious pressures on those of our fellow men who receive fixed incomes. I am thinking in particular of pensioners.

135. At the moment pensions are taxed as ordinary income. To assist pensioners I am proposing that income paid to them not exceeding K2,400.00 per year be exempt from tax.

(iii) Compulsory Loss of Office

136. Mr Speaker, Sir, where an employee is compulsorily retired or relieved of his office the benefits payable to him

by way of ex-gratia payments, compensation for loss of office or employment or terminal long service bonus are currently taxable. To assist the persons involved to settle down on the land or find other sources of livelihood, I am proposing that these terminal benefits to the maximum of K10,000.00 be exempt from tax. However, the loss of office arising from disciplinary action should not be covered by the proposed change.

(iv) Company Tax

137. Mr Speaker, Sir, company tax now stands at 50.0 per cent. Earlier on in my address, I have mentioned the need for us to increase production. When taxes are very high, they tend to discourage production and investment. I have also, Mr Speaker, Sir, indicated that in our economy services have tended to grow too rapidly even as production of goods has remained sluggish.

138. In order to strengthen the measures we have already taken, I am proposing that there should be a fundamental change in our tax policy. Instead of taxing producers of goods in the same way as those who contribute only services, there should be some differentiation in the tax rates. Accordingly, I am proposing that those who produce services only and who, therefore, have a faster turn-round time for their investment, should pay a little more tax than those who are engaged in the production of goods. Hence, I am proposing that tax on manufacturing and similar companies should be fixed at 35.0 per cent while that on the producers of services should be 45.0 per cent. In this way, I am allowing more liquidity and profits to the manufacturers so that they can reinvest the additional resources in further production, expansion and job creation.

(v) Personal Tax

139. Mr Speaker, Sir, I shall now turn to personal tax. Sir, in designing a personal tax policy for this year two principal considerations have been foremost in my mind. The first is to do with the recent rapid increase in prices as a result of both the lack of adequate production in the economy and last year's depreciation of the Kwacha. Secondly, Sir, the depreciation of the Kwacha has created new complications in the taxation of those who, under their conditions of employment and our exchange control regulations, are allowed to repatriate certain benefits to their countries of origin or recruitment. These complications have arisen basically because of the large amount required in Kwacha for making the remittances.

140. In order to deal with these problems, I am proposing that the taxation of those who do not require to make remittances should be separated from the taxation of those who have to remit. This means that we shall now have two tax schedules.

141. For those who do not have to remit, the schedule will be as follows:

<i>Taxable Income</i>	<i>Rate of Tax (per cent)</i>
The first K2,000 .. .	5.0
Next K3,500 .. .	15.0
Next K4,500 .. .	25.0
Next K5,500 .. .	35.0
Next K6,500 .. .	45.0
Next K8,000 .. .	55.0
Next K10,000 .. .	60.0
Excess .. .	65.0

142. Mr Speaker, Sir, the effect of this modification will be to lower, by an estimated 18.0 per cent, the amount of the tax payable. I regard this change as a substantial concession to the tax-payer. May I therefore appeal to our colleagues in the labour movement to be moderate in their wage demands. As for the public service as a whole, the Party and its Government were able to give a substantial increase in salaries last year. Part of the increase was held over to this year for some categories of workers. This will be paid. However, with the continuing difficult situation facing us, the Party and its Government will not be able to make another general wage increase in the public service in 1986. The reduction in tax will, I am sure, be able to carry us over this year.

143. Mr Speaker, Sir, let me now discuss the taxation arrangements to

apply to those who will require to make remittances. Under the exchange control instruction already issued by the Bank of Zambia, the remuneration of expatriates

will, with effect from 1st January, 1986, be in two parts. One part will consist of an inducement allowance. This allowance will be used to make remittances of up to US \$6,600 a year. The other part will consist of a salary to be paid locally in Zambia.

144. I wish to propose that the inducement allowance should be tax-free. But where the allowance is paid by the employer, it should not be deductible for tax purposes. In allowing the inducement allowance to be tax-free, I am conscious of the fact that a certain amount of tax revenue will be lost. To recoup part of this loss, I am proposing that the tax schedule for those who require to make remittances will be as follows:

Taxable Income	Rate of Tax (per cent)
The first K2,000 ..	10.0
Next K3,500 ..	25.0
Next K4,500 ..	40.0
Next K5,500 ..	55.0
Next K6,500 ..	65.0
Next K8,000 ..	70.0
Excess ..	75.0

145. These rates are somewhat higher than those applicable to those who do not have to remit. But when the inducement allowance is taken into account, it will be found that these rates are very fair.

146. I realise, Mr Speaker, Sir, that those expatriates in the public service who are on Zambian local conditions of service and who do not receive any supplementation of their salaries may face some problems in making remittances because of the depreciation of the Kwacha. Let me assure them that this matter is being looked into.

(vi) *Housing Allowance and Mortgage Interest*

147. Mr Speaker, Sir, the Party and its Government have decided that where any of their employees builds a house for the occupation of the owner, the housing allowance payable should be free of tax to allow the owner to meet mortgage payments and to maintain the house. Although originally the decision was applicable only to those in the public service, the law has to cover all those who are in a similar situation. This means that housing allowance will be tax-free for all

those who receive this benefit but only up to K10,000.00 per year. But since mortgage interest is also free of tax, I am proposing that individuals be free to choose one or the other.

(vii) *Car Allowance*

148. Mr Speaker, Sir, one other point I want to deal with concerns car allowances. Where an employer, instead of giving a car to his employee as part of his conditions of employment, gives him an allowance, that allowance should not be taxable. But there should be a ceiling of K7,200 a year.

(viii) *Taxation of Married Women*

149. Mr Speaker, Sir, for a long time married working women have been complaining that all the tax benefits granted under our tax legislation have gone to their husbands. Mr Speaker, Sir, the situation at the moment is as follows. In the case of married allowance, this generally goes to the husbands. But there is provision for the wife and husband to share the amount. In addition, if the two agree, the total provision can be transferred to the wife. Our experience shows that generally these provisions have been satisfactory and not many complaints have been raised.

150. Where perhaps there is some controversy is with regard to child allowance. At present, this invariably goes to the husbands. Working wives have, therefore, been complaining that this is unfair. To some extent, I recognise some validity in the complaint. I am, therefore, proposing that child allowance should in future be divided on a fifty-fifty basis between a married man and his working wife. Where the man or the wife alone is working he or she will, of course, claim the allowance which, incidentally, I am proposing to increase from K325.00 to K330.00 per child. Mr Speaker, Sir, this is as far as I can go on this matter. All other problems will have to be resolved by the couples themselves.

151. Mr Speaker, Sir, all these income tax changes will take effect from 1st April, 1986 except for the taxation of those who have to remit which will become effective from 1st January, 1986 when the new system came into effect.

(e) *Property Transfer Tax*

152. Mr Speaker, Sir, most of the measures I have just announced will involve a considerable loss of revenue.

Obviously, I need to recoup some of it. Two years ago, the House approved a property transfer tax at the rate of 2.5 per cent of the value of the property involved. This rate is quite low and I am now proposing that the rate be increased to 5.0 per cent.

(f) *Education Levy*

153. A few years ago, the House approved the introduction of an education levy of K200.00 only, payable by every company incorporated or registered in Zambia. I am sure the House will agree that this amount does not reflect the times. I am, therefore, proposing that the amount be increased to K1,000.00. However, where a company has a turnover of not more than K20,000.00 per annum the levy should be only K500.00. The revenue to be collected from this tax will go to support education as provided for in the legislation. This change will become effective from 1st April, 1986.

(g) *Companies Act: Prescribed Fees*

154. Mr Speaker, Sir, the last change I require to deal with this afternoon relates to the fees provided for under the second schedule of the Companies Act; Cap. 686. Sir, the fees charged under the Act have remained unchanged since 1965 although the Party and its Government are required to provide an expanding range of services. It is necessary, Sir, that part of the cost associated with these services be recovered. I am, accordingly, proposing that the fees be changed as follows:

- (i) Registration of a company, the fee should change from K0.25 to K5.00 for every K200.00 with the proviso that the minimum fee should be K100.00 instead of K10.00;
- (ii) For the increase of capital, the fee should go up from K0.25 to K5.00 for every K200.00 or portion thereof;
- (iii) For a certificate of incorporation, the fee should be raised from K0.50 to K20.00;
- (iv) For registration of an altered memorandum of association, the fee should rise from K1.00 to K20.00;
- (v) For registration of change of name, the fee should change from K1.00 to K100.00;

(vi) For change of company name and publication of the same, the fee should now be K150.00 instead of K1.50;

(vii) For registration of a document or making a record of any fact authorised or required to be registered or recorded, the fee should change from K0.50 to K20.00;

(viii) For copies of any deed or other document not exceeding four folios each:

- when prepared by an official, from K0.50 to K20.00;
- every additional folio, from K0.50 to K10.00;
- when prepared by an applicant, from K0.50 to K15.00;
- every additional folio, from K0.02 to K10.00;

(ix) For each document inspected, from K0.10 to K10.00;

(x) For inspection of register, from K0.10 to K5.00 for each folio inspected.

PART VII

CONCLUSION

155. Mr Speaker, Sir, the time has come for me to bring my speech this afternoon to a close. In doing so, let me summarise the essential points I have been trying to make. Our country continues to face serious economic problems. As I said last year, these problems can be solved. The measures we have recently taken have given us a frame-work for making progress. We need to follow them up by working hard to improve production in our economy and to export. The tax measures I have announced have been designed to assist this process.

156. We are living in a difficult environment. For us to be able to maintain peace, it is necessary that we continue to rally round the leadership of His Excellency the President and of the whole Party. With the country united, we cannot fail.

157. Mr Speaker, Sir, I beg to move.

/9317

CSO: 3400/1108

GOVERNMENT ACCEPTS RECOMMENDATION ON CAMPUS CONTROL, STUDENT UNREST

Lusaka ZAMBIA DAILY MAIL in English 7 Feb 86 p 3

[Text] GOVERNMENT has accepted a recommendation that the Party should establish itself at the University of Zambia [UNZA] and make its presence felt in order to control campus student unrest.

The number of student publications should be reduced to improve their quality and content and to control any possible infiltration by outside bodies while the public should be encouraged to contribute articles to student papers whose circulation should not be restricted.

According to a government reaction report released yesterday simultaneously with the report of the commission of inquiry appointed by President Kaunda in 1981 to inquire into the affairs of the university, government had dismissed a recommendation that the University should revert to a unitary system by abolishing the Ndola campus in Kitwe.

The Commission, chaired by Mr Wesley Nyirenda, points out that among the areas of conflicts and

suspicion between students, the Party and Administration brought to its attention by witnesses included:

- Unenforceable Directives and Regulations: By Presidential directive, some students were supposed to reside off the campus but they circumvented the directive. Witnesses complained that most of these students were children of highly placed and influential people:

- Conflict of Ideologies and Clashes over foreign policy between students and the Party: Students regarded themselves as stalwart Marxist-Leninists and were opposed to the Party's philosophy of Humanism;

- Presence of military and Special Branch personnel on campus: Students detested the presence

of these spies whom they derogatorily termed 'dogs' or 'government men.' They thought that the existence of these spies at the campus was an erosion of their academic freedom. Students also argued that they were not an opposition Party nor were they aiming at usurping power. Hence they did not see the reason for being trailed by spies.

The Commission, whose task was to make recommendations on the effectiveness of the administration and administrative structure under the federal organisation and how students can play a more dynamic role in the affairs of the University, observed that unrest at the Ndola campus resulted partly from the coexistence of the

University and ZIT (Zambia Institute of Technology) students.

All the evidence received pointed to the fact that the idea of putting these two student bodies together was practically unworkable.

On student publications, the Commission noted that their quality was extremely poor bearing in mind that the University was the highest Institution of learning in the country.

Among other recommendations accepted by government are that the University Council's committees should be statutory and regulations should be made to guide their operations, the chain of command on policy matters should be: Chancellor, the minister, the chairman and the vice-chancellor.

/12828
CSO: 3400/1133

CIVILIAN WORKERS AT AIRFORCE BASE MAY LOSE JOBS

Lusaka ZAMBIA DAILY MAIL in English 7 Feb 86 p 1

[Text] MORE than 300 civilian workers at the Zambia Airforce [ZAF] base in Mumbwa district may lose their jobs because of a critical shortage of transport.

The workers who leave at Mumbwa Boma which is 25 km away from the base are experiencing difficulties in travelling to their working places as the remaining two ZAF buses are used to collecting only servicemen.

Briefing Mumbwa branch chairman of the Zambia Congress of Trade Unions (ZCTU) Mr Jairus Kadolo yesterday, Major Ackim Kasonde who is in-charge of administration said that since diesel prices were increased, ZAF has been faced with hardships in running the buses to and from the base.

Major Kasonde said that ZAF management would however lay off any worker absent from duty for more than three days in a month.

The Major added that conditions of service for

general workers did not include free transport and added that it was only provided on humanitarian grounds.

However, Mr Kadolo who went to address the workers after receiving the complaints, appealed to the ZAF management to find ways of transporting their workers from the Boma.

Mr Kadolo who was told that the workers had been requested to put up shelters near the base also asked the management to extend the shifting period because elephant grass that they could use for thatching their huts was still immature.

He appealed to the workers to be self disciplined and try by all means to report for duties every day and urged them to obtain bicycle loans if shifting was impossible.

/12828
CSO: 3400/1133

ZAMBIA

UNOFFICIAL KWACHA DEVALUATION BRINGS DOWN CONSUMER PRICES

Lusaka SUNDAY TIMES OF ZAMBIA in English 9 Feb 86 p 1

[Text] The abundance of bath soap and other washing detergents--resulting from the auctioning of foreign currency--has forced black marketeers in Lusaka to reduce prices of their merchandise drastically.

As a result, their goods are selling faster because they are cheaper than those sold in shops.

A snap survey by the Sunday Times revealed, however, that the black marketeers' profit margin was far lower than in the past years.

Strike washing powder is sold at K4 or K4.50 depending on bargaining.

In the shops the same item sells at between K4.50 and K5.25n.

Dynamo washing paste which the black marketeers used to sell at K7.50 has been reduced to K6.50.

In one shop dynamo is sold at K7.50--the price black marketeers were charging before the items were abundant.

Ebu bathing soap which is sold at K2 in shops is sold at K1.50 a tablet on the black market.

Lux is selling at K3 on the black market while the shops are selling it between K3.96 and K4.

One black marketeer said "goods were expensive when there was a shortage. "But when they are in abundance, customers prefer to buy from the cheap source," he said.

But in Kitwe prices of commodities on the black market are higher than in the shops, because of shortages.

Items such as Ebu bathing soap which costs 97n in shops sells at between K.150 and K2 on the black market.

A 2.5 litre container of Saladi (cooking oil) which costs K13.86 in State shops, is sold at K17 on the black market.

In Ndola prices of items which are not essential have been forced to drop. One example is the price of digital watches. They are now selling at a maximum price of K16.

One black marketeer told the Sunday Times: "Look we also have to live, if you can't beat them you must join them."

In a series of interviews during the week black marketeers admitted that business had drastically dropped.

"You cannot buy a tablet of soap at K3.65 and hope to sell it at K5 or more, who can buy it?"

/12828

CSO: 3400/1134

GOVERNMENT EXPENDITURE INCREASES AS KWACHA VALUE FALLS

Lusaka TIMES OF ZAMBIA in English 1 Feb 86 p 1

[Text]

GOVERNMENT proposed expenditure in the Budget has risen to K5,261 million from last year's K1,836.8 million because of the depreciation of the Kwacha.

Out of this total, K2,215.7 million would cover recurrent expenditure while constitutional and statutory expenditure would account for K2,304.4 million.

The remaining amount of K704.9 million will cover capital expenditure.

Recurrent expenditure is broken down as follows: Personal emoluments K661.9 million, recurrent departmental charges K891.7 million, grants and other payments K218.4 million, pensions and gratuities K40.3 million, subsidies K33.8 million and contingency vote K69.6 million.

Meanwhile, the Fourth National Development Plan which was scheduled to be launched this year has been postponed to next January because of the depressed economy.

The temporary shelving of the plan would enable the Party and its Government to consolidate the measures effected so far to restructure the economy.

Explaining this year's Budget policy, the minister said Zambia must now ensure that her expenditure matched the real resources in hand in view of the grave economic situation.

The reduction of the public service and diplomatic missions abroad was evidence of the Party and its Government's readiness to "come to grips with the economic problems facing the country."

The annual plan would be used to guide the allocation of resources on the lines of development priorities agreed upon.

It was important that industries relied more on locally produced raw materials to cut down on foreign exchange utilisation and ensure that labour was retained.

"Since labour is what we have in abundance, that is what we should employ abundantly. Capital on the other hand is scarce and we should use it sparingly.

"By changing the relative cost of labour and capital in favour of labour, the auction system will assist to ensure the creation of more employment opportunities in the country," he said.

/9317
CSO: 3400/1109

WELL BEING, ACTIVITIES OF ANC FARMERS DISCUSSED

Cape Town CAPE TIMES in English 11 Feb 86 p 6

[Text]

LUSAKA.— Hitler Tembo, "Botha's son" and Tapson Mwanza are all busy down on the farm.

Hitler is helping build an abattoir, Tapson patrols the mealie fields, beating a makeshift iron gong to frighten off marauding monkeys and "Botha's son" has followed his father as top boar in the herd of pigs.

There is little in these peaceful fields north of Lusaka to bring to mind unrest in South Africa or the carnage of a mine blast at a crowded shopping centre.

But the link is the African National Congress (ANC), the main guerilla organization fighting the Pretoria government, and the 1 335,5 ha farm shows a different side of the nationalist group which has claimed responsibility for much of the sabotage inside South Africa over the past 20 years.

Farm manager Mr Aaron Mafaje and a labour force of around 80 grow mealies and vegetables, raise pigs and cattle to feed the more than 300 ANC members who live in or around the Zambian capital.

The ANC has been outlawed in South Africa for 25 years and in exile its non-military headquarters are in Lusaka, a cluster of low-roofed offices down an alley off the central Cairo Road.

ANC officials refuse to discuss military aspects of their operation, but there are no signs of security at the farm nor weapons at the headquarters, where a small knot of young men in ordinary clothes screen visitors entering the red metal gates.

ANC workers live frugally, said Mr Tom Sebina, an official in the information department.

"The ANC provides us with our accommodation, food, welfare and health care. In addition, everyone regardless of position, including Oliver Tambo, gets only 14 kwacha (about R5,25) a month pocket-money," he said.

Rations of the staple mealie meal and vegetables are collected from an ANC stall in Lusaka's central market, where produce from the farm is also sold to raise funds.

The blue-painted tin-roofed stall is little different from its neighbours, but Mr Sebina asked that it not be photographed so it would not be identified.

The farm, called Chongella Estates, was bought for the ANC by the Swedish aid agency SIDA in 1978 when its main crop was tobacco. Now, it grows mealies, sorghum, soya beans, ground nuts, a wide variety of vegetables and some fruit.

As well as a herd of 1 000 cattle, there are 80 pigs, some ducks and turkeys and 1 000 hens for egg production. The neighbouring farm is owned by Anglo American Corporation, South Africa's largest conglomerate.

"We used to have a lot more pigs," said Mr Mafaje. "But we had feed problems so we sold most of them. We started off with two boars we called 'Reagan' and 'Botha', but they got too heavy for the sows so they were sent to market."

Now top boar is "Botha's son No 1", a large two-year-old with fluffy ears.

Mr Mafaje, 30, was born and raised in Soweto near Johannesburg and left South Africa in 1978 because "I was not satisfied with the system".

He took agricultural courses in East Germany, Tanzania and Zambia before coming to run the farm in 1982.

He said, as well as feeding its members and raising money for the ANC, it was also used to train people in farming and running a business. At any time there were about 30 ANC working at the farm as well as 50 Zambian workers, such as Hitler and Tapson, who were kept on when it was bought.

A spokesman for the organization said the ANC secretariat was divided into three sections: the president's office responsible for information and military aspects, external affairs responsible for health, arts and culture, education and foreign relations, and a treasurer-general's section responsible for finance.

About 30 people work full-time at the headquarters. The ANC runs a nursery school for their children south of Lusaka.

There 12 teachers care for about 60 children aged from eight months to four years. The nursery is a bare, run-down house down a dirt road with little decoration.

Greeting visitors the children sing "Ring-a-ring-a-roses" and freedom songs in Zulu. To the tune of "Oh my darling Clementine", they form a circle and sing "Thina sizwe esintsundu sikhalela iAfrika" ("We, the blacks, are crying for our land . . . let it come back to us, let it come back, let Africa come back"). — Sapa-Reuter

/12828
CSO: 3400/1134

ZAMBIA

INFRASTRUCTURE PROBLEMS PREVENT FOOD RELIEF DELIVERIES

Lusaka TIMES OF ZAMBIA in English 7 Feb 86 p 2

[Text] Some 2,000 bags of maize destined to famine stricken areas of Mwanya, Kazembe and chitungulu are marooned at Lundazi as roads to the areas have become impassable because of heavy rains.

Lundazi district governor Mr James Nyirongo said the areas had been completely cut off from the rest of the district by heavy rains which swept away a number of bridges.

He feared that people in the affected areas would starve if the rains continued for another month.

Mr Nyirongo appealed to the National Contingency Planning Committee to come to the district council's aid to ensure that the food was transported to the areas.

The state of roads had also prevented the Ministry of Health from transporting medical supplies to clinics in the affected areas causing a critical shortage of drugs.

In Mongu, Western Province permanent secretary Mr Reuben Ching'ambu urged the Zambia Red Cross Society to help people in famine stricken areas of the province.

He was speaking when a Red Cross delegation led by its Geneva-based consultant Mr Brian Hodgson paid a courtesy call on him at his office.

Mr Ching'ambu appealed to the society to work with other donor countries in helping the Government to provide medicines.

Mr Hodgson said it was the wish of the Red Cross to ensure that its units worked closely with host governments.

/12828
CSO: 3400/1134

MAIZE PRICE TO BE DECONTROLLED

Lusaka TIMES OF ZAMBIA in English 31 Jan 86 p 1

[Text]

GOVERNMENT is to decontrol the producer price of maize during the 1986/87 season, Minister of Agriculture and Water Development **General Kingsley Chinkuli** told Parliament yesterday.

Gen Chinkuli said when answering supplementary questions from backbenchers on his ministerial statement over the recent increase of fertiliser prices that when considering the crop producer prices for the next season, Government would set a minimum price for which farmers could sell their maize.

Farmers would be free to sell at highest prices they considered profitable and he hoped this would encourage them to grow more.

He told the House that he would soon introduce a Bill giving details about what

the Government intended to do to boost agriculture.

In his ministerial statement, Gen Chinkuli defended the increase of fertiliser prices from K26.75 to K48 by Namboard because it had to survive.

The introduction of the foreign exchange auctioning system had made the cost of imported fertiliser high as letters of credit for the commodity were maturing at new rates of the Kwacha to a US dollar.

Namboard would now require to pay K18.1 million for fertiliser that was received in 1984 alone. In addition, the Nitrogen Chemicals of Zambia (NCZ) had increased prices of fertiliser from K35 to K65.

The imported fertiliser which arrived last year was now costing Namboard K75

a bag which meant that the 92,000 tonnes of fertiliser it needed to import between now and October, would cost K75 a bag.

For every bag sold between October 1985 and January 27, 1986, Namboard would lose K48.05.

"Mr Speaker Sir, how could Namboard continue to provide marketing services with such huge losses? In the past, this could be possible due to massive subsidies but the Government's financial position cannot accommodate any more subsidies."

Although the decision to increase fertiliser price was made by the Central Committee, Namboard acting general manager, Major-General Charles Nyirenda was in order to make the announcement.

/9317

CSO: 3400/1109

NEW MINING HOLDING COMPANY ESTABLISHED

Lusaka TIMES OF ZAMBIA in English 31 Jan 86 p 1

[Text]

ZAMBIA Consolidated Copper Mines (ZCCM) has formed a holding company — Mulungushi Investments Limited — to run its subsidiary firms as part of the cost-saving measures aimed at restoring the company's financial stability.

ZCCM will also set up small-scale enterprises and agricultural resettlement schemes to absorb employees declared redundant and encourage the spirit of entrepreneurship.

"The establishment of small-scale enterprises and agricultural resettlement schemes is a means of alleviating the severity of possible hardships on the families which will be affected," ZCCM chairman and chief executive Mr Francis

Kaunda said yesterday.

Besides encouraging self-reliance, the small-scale industries would help ZCCM to get rid of excess labour and reduce costs.

The small-scale activity would include mining of certain deposits which would be uneconomical if undertaken by a big company such as ZCCM.

Mr Kaunda gave an example of Kabwe which had rich ore deposits that could be mined on a small-scale basis because ZCCM would not profit if it mined the metal itself.

Explaining the gravity of the situation, Mr Kaunda said ZCCM indebtedness had soared to a staggering K1.8 billion since the foreign exchange auctioning system was introduced.

Loans and other debts had shot up because the "forex" auctioning amounted to "massive devaluation" of the Zambian currency, he said.

It was a fallacy that ZCCM was literally swimming in Kwacha as a result of the auctioning because the Kwacha had depreciated greatly and costs had shot up.

/9317
CSO: 3400/1109

STATE TAKES MEASURES TO FIGHT ILLEGAL MINING

Lusaka ZAMBIA DAILY MAIL in English 10 Feb 86 p 7

[Text]

THE Mines Development Department in the Ministry of Mines is to be strengthened this year to effectively tackle illegal mining of precious and semi-precious stones in which the State is losing about 52 million US dollars a year.

Priority will go towards monitoring production of the stones to control illegal mining.

This is contained in the Economic Review and Annual Plan 1986 released by the National Commission for Development Planning.

Zambia has been losing a lot of money through illegal exports of minerals such as emeralds and amethyst because the department has not been able to monitor and control all mining operations due to critical personnel and financial constraints.

The review also says the Mines Development Department was expected to raise about K3 million in foreign exchange through the sale of precious and semi-precious stones last year as compared to K1.2 million earned in 1984.

The department hopes to raise more money this year following the issue of more mining licences last year.

A total of 19 mining licences for emeralds were issued early last year and an additional 20

licences were expected to be issued in the Lu-ndazi by the end of last year.

The review also says that the Mines Development Department last year carried out a survey for gold, bismuth, and tungsten in Chinyunyu in Central Province. The report does not give the results of the survey.

And an intensive survey of decorative stones showed markable occurrences within a 50 km radius around Lusaka.

The area have small deposits of good quality white, pink and banded grey marbles.

The review also says that the Prescribed Minerals and Materials Commission was unable to monitor uranium exploration due to lack of adequate professional staff and transport.

The international firms involved in uranium exploration are Agip SPA of Italy, Power Reactor and Nuclear Fuel Development Corporation (PNC) of Japan and Saarberg Interplan of West Germany.

The presence of landmines in some areas in Southern Province held back prospecting work.

Luswishi West showed promising potential for uranium deposits. Subject to further detailed prospecting, Chipupushi and Luswishi may yield deposits of economic value.

Uranium has been discovered in the Southern Province but is subject to further prospecting exploration to determine mineral extent and value. More extensive exploration work will be carried

out in known anomalous areas during this year.

In Kimale and Mwomboshi in the North-Western Province, the areas indicate some uranium presence but further exploration work is still required to estimate the economic value of the deposits.

The review also reports that Mineral Exploration (MINEX) completed a report on Nambala Iron Ore deposits. About 40 million tonnes of good quality iron were proven at Nambala Hill, with about 138 million tonnes of lower quality ore.

/12828
CSO: 3400/1133

SITHOLE DESCRIBES HIS LIFE AS EXILE IN UNITED STATES

Johannesburg THE CITIZEN in English 14 Feb 86 p 6

[Text]

SILVER SPRING, Maryland. — Like a fish out of water, the old guerrilla chief gazes from a high-rise apartment across a suburban American landscape and ponders an African independence story he says went wrong.

Twenty years ago the Rev Ndabaningi Sithole, a founding father of African nationalism, was in jail in Rhodesia, now Zimbabwe, held by its White-minority rulers for his politics, but convinced he would triumph in a freedom struggle.

Today he is a prisoner of another sort, an exile, his leadership hopes dashed, his future confined to another land.

He says he cannot return to Zimbabwe. Again, he says, his politics is the cause. Only the colour of his persecutors has changed, he charges.

Lectures

As terrorist war and racial conflict continue to rack Southern Africa, Mr Sithole wanders the American lecture circuit,

cut off from friends and children, a reminder that so often in African politics it is disastrous to think second.

The man who once drew tens of thousands to public speeches in Rhodesia cuts a solitary figure now as he moves unnoticed about Washington and suburban Silver Spring, his new home. "It is sad, no doubt about it," said Mr Sithole (65), reflecting in an interview on his rise at the crest of Rhodesian nationalism and his fall from grace with his former political pupil, Robert Mugabe, now Zimbabwe's Prime Minister.

He blames Marxism for the destruction of his dreams and the troubles of much of independent Africa.

"Mugabe is a Marxist. He sees me as a threat . . . I have long said a one-party State in Zimbabwe will be instituted over my dead body. He is aware of that."

Mr Sithole incurred Mr Mugabe's wrath in 1979 when he joined Rhodesian Premier Ian Smith

and two other Blacks in a civil war governing alliance aimed at blocking the terrorist armies of Mr Mugabe and Mr Joshua Nkomo.

After Mr Mugabe won the post-war elections over Mr Sithole and other rivals, Mr Sithole's future was bleak. He complained of persecution by Mugabe backers and finally fled two years ago.

Zimbabwe accused him of plotting a coup with US help and said he would be arrested immediately should he ever return. Mr Sithole and US officials deny the conspiracy charge.

After a stay in Britain, the former schoolteacher arrived in the United States — where he had attended Massachusetts' Andover-Newton Theological Seminary from 1955-58 — last April.

"I didn't like the idea of being detained again after spending 10 years in detention (from 1964) with the White settlers, so I stayed away," he said in the newly furnished living room of his 16th floor,

R1 100 a month apartment.

Mr Sithole works on books and articles at a Formica-topped kitchen table, penning in a neat, schoolish hand his opposition to "Socialism and communism" in Zimbabwe.

Africa, says the Minister of the United Church of Christ, was not suited to the "Godless tenet" of Marx.

"It is exactly the same thing as a Colonial State," he says, "the Marxist State has to be overthrown, one way or another, before the African State can be established.

"I don't know what can be done. But I know I will use my pen as much as possible."

Wintry chill

Unlike Angolan rebel leader Jonas Savimbi, Mr Sithole does not seek military support from the United States. Dr Savimbi was feted at the White House as a freedom fight-

er recently while Mr Sithole, in tightly-buttoned grey woolen cardigan, struggled with a wintry chill on the other side of town.

Mr Sithole lectures to church, business and social groups on African politics, writes — he is seeking a publisher for a new book, *Marxism and Independent Africa* — and works, with the aid of a R98 000 grant from a conservative foundation, on a study of "The Secret of America's Success".

His wife Vesta, (46) shares his exile and does his typing. Their five grown children are in Zimbabwe.

Mr Sithole and an Ethiopian exile have founded the African Human Rights Committee to probe political persecution.

He says the Western media have focused on abuses of power by White African governments while ignoring those by

Black rulers, giving the Blacks "the feeling they can do what they like with their own people".

Is the record of Black rule, therefore, an argument for continued White supremacy, as often claimed in South Africa?

"I understand the argument perfectly and I would be dishonest to myself if I started arguing against it," he says.

Dismantle Marxism

"But in spite of all that, it does not mean the African people in their home must be denied their freedom. They have got to find (their way) out of their problem."

Mr Sithole rivets the listener with a piercing stare once familiar on front pages and television screens in Rhodesia and says: "One of my greatest joys is a deeper satisfaction that I helped to dismantle White supremacy, and I hope I shall live to dismantle Marxism in Zimbabwe. — Sapa-Reuter.

/9317

CSO: 3400/1112

NATION SAID TO LEAD AFRICA IN UPLIFTING OF WOMEN

Cape Town THE ARGUS in English 18 Jan 86 p 20

[Article by Robin Drew]

[Text]

WHEN former guerilla fighter Mrs Teurai Ropa (Spill Blood) Nhongo led her country's delegation to the UN Decade for Women conference in Nairobi last year, she was able to proclaim that Zimbabwe had done more in the past five years to uplift the status of women than any other independent African country.

Mrs Nhongo, wife of the army commander, General Rex Nhongo, is Minister of Community Development and Women's Affairs, and is a very determined lady.

She is the only female member of the most powerful body in the land, the 15-person politburo of the ruling Zanu(PF) party and she is one of two women in the Cabinet.

To do her job she has to be tough, for despite government's commitment to ending discrimination against women, she has found that many ministries in the male-dominated society in which she operates have been reluctant to co-operate.

Mr Mugabe's government has shown, however, that it is

prepared to risk unpopularity in some quarters and has introduced far-reaching pieces of legislation which provide the framework for change.

Among these is the law which extended the 18-year age of legal majority to

African women whereas in the past they had remained minors in most cases for all their lives.

"This was a major breakthrough," said Mrs Julie Stewart, law lecturer at the University of Zimbabwe. She cautioned, however, that the ramifications of this legislation would depend to an extent on how far women were prepared or wanted to defy the very real pressures of tradition, custom and family attitudes.

There was an outcry, for example, when a judge ruled that the new law meant fathers could not sue for damages if their 18-year-old daughters

were seduced and there was deep concern that the law would erode the ancient custom of roora, or bride price.

Another radical departure from customary practice was the introduction of the Matrimonial Causes Act which empowers the courts to make a division of property in divorce settlements.

The Minister of Justice, Legal and Parliamentary Affairs, Dr Eddison Zvobgo, said this law was even more important and far-reaching than the controversial Age of Majority Act in redressing the imbalance between men and women.

He said before the introduction of this Act, a woman was virtually unprotected by the law on divorce.

"Once divorce was granted, she was the loser," he said. "There was absolutely nothing she could call her own."

In most cases she left the home she had helped build up with barely the clothes on her

back, her kitchen utensils and in many cases without her children.

But now the law recognised the contributions the women had made and would take this into account when distributing the assets.

Mrs Stewart said the Act recognised the equality of the spouses and was designed to take account of individual needs.

The guilt concept had been removed from divorce in civil marriages and in this case only two grounds were recognised — irretrievable breakdown of the marriage and illness or lasting unconsciousness.

Mrs Stewart explained that the last provision was necessary because of the possibility of someone being kept "alive" on a life-support machine but remaining unconscious.

In preparation is a new law on inheritance, the Succession Bill, which Dr Zvobgo says will end the victimisation of

widows.

Under customary law, he said, the relatives of the dead husband often claimed all the property. Under the new law, where no will has been made, the surviving spouse, or spouses in the case of a polygamous marriage, the children and close relatives will inherit in defined portions from the estate.

The new law suggests that in cases of polygamy, the senior wife will get 50 percent with the rest divided among the junior wives.

Mrs Stewart said the Succession Bill will be the most radical of all but she warned that in some circumstances widows could find themselves worse off than if the relatives had lived up to their responsibility to care for her while taking the possessions themselves.

In other areas the government has introduced regulations preventing discrimination against women in employment and in providing protection for them in the workplace such as paid maternity leave.

/9317
CSO: 3400/1112

LAND USE PROGRAM SEEKS TO RAISE PEASANT FARM YIELD

Harare THE HERALD in English 6 Feb 86 p 1

[Text] The Government is preparing a programme for proper land use in the communal lands to enable the people to grow crops which are suitable for their areas, the Minister of Lands, Agriculture and Rural Resettlement, Cde Moven Mahachi, said on Tuesday.

Answering a question from Senator C. Makanda in the Senate, Cde Mahachi said his ministry and that of Local Government, Rural and Urban Development were planning the land programme which "will focus on the agricultural activities emphasising the appropriate land use for specific areas."

The Ministry of Local Government, Rural and Urban Development was now responsible for selecting people for resettlement. It administered the schemes and developed the infrastructure for new settlers in those areas, said Cde Mahachi.

The minister said about 35 000 families had been resettled since 1980.

"There is still about 400 000 hectares purchased which has not been settled, mainly in Matabeleland, because of the dissident situation in that part of the country," said Cde Mahachi.

Settlers in the Dombodema resettlement scheme in Matabeleland were constantly harassed by dissidents and it had not been possible to encourage other people to take up new land.

Programme

The programme was severely affected by the drought, said Cde Mahachi. "Water tables had dropped, thus reducing usage of boreholes. Surface water was generally either poor or not there. Thus settling people with no reliable water sources of even domestic water, let alone water for livestock, would have been ill-advised."

Cde Mahachi said it was not appropriate to set up committees to deal with the land question because the ministry believed that this was the duty of the provincial development committees throughout Zimbabwe, chaired by provincial governors.

"It is that sub-committee (of the provincial development committee) and the provincial council's recommendation that my ministry would be obliged to follow," he said.

The ideal of specific land committees had been suggested by the Governor of Manicaland, Bishop Joshua Dhube, who later remarked: "I was not aware how far we could go in using those (provincial development committees)."

The minister disagreed with the Deputy Minister of Local Government, Rural and Urban Development, Senator George Chinengundu, who said that some people refused to be resettled in Manicaland and later decided to squat.

He appealed to civil servants, community leaders and members of parliament not to mislead the people because this was one of the causes of squatting. It was the duty of every disciplined Zimbabwean to explain the resettlement programme to the people.

"I am appealing to the honourable senator here to try to encourage people to be law-abiding and follow what their provincial council will be recommending to them," said Cde Mahachi.--Ziana

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CSO: 3400/1112

ZIMBABWE

RAILWAYS TO LAUNCH 10-YEAR RENEWAL PROGRAM

Harare THE HERALD in English 15 Jan 86 p 1

[Article by Bill Saidi]

[Text] The railways will soon launch an \$80 million, 10 year programme to replace some of its aging wagons--and probably save a Bulawayo company from collapse.

The programme, which is subject to Government approval, involves the replacement of 2 400 wagons at the rate of 240 a year over 10 years.

The bogeys, couplers and wheels for the wagons will be made by F. Issels & Son Ltd of Bulawayo, the sole manufacturer of such components in this region.

Recently the company has faced serious financial problems and asked the Government to cut by 15 percent the salary increments it was to pay to its workers. The Ministry of Labour, Manpower Planning and Social Welfare approved.

The managing director, Mr Hugh Hannay, said yesterday it was "very encouraging" that the railways was launching its wagon-replacement programme now. The company would increase the volume of its work and its labour force as a result, he said.

Mr Hannay said a 10-year programme was ideal for his ailing company because the company would have to take on staff on a permanent basis. In the past labour had to laid off when work slackened because most work was short-term.

The company last did work for the railways in 1981. It has the American licence for the manufacture of the A3 Ride Control bogey pack which is used by the railways. Mr Hannay said the company had recently suffered from a lack of orders for its products.

A railway statement said the network had 12 500 wagons in operation throughout the system. Each wagon has a life expectancy of 40 years. "Over a five-year period commencing in 1990 a large number of our wagons will reach the end of their economic life and therefore it is now necessary to plan for their replacement."

The statement said that "to spread the load budget, provision has been placed before the Government for the annual production of 240 wagons to be manufactured by local industry over a 10-year period beginning in 1986/87 at an average cost of some \$8 million per year."

One company that will be involved is More Wear Industries which has recently done similar work for Tanzania and Uganda. The chairman of the company, Mr Abner Botsh, said in Harare yesterday he was confident that the foreign content of the new wagons would be "negligible."

The steel would come from Zimbabwe Steel Corporation. "We may have to import some types of steel they don't manufacture, but I'm sure most of it will be from them," said Mr Botsh. "Also, there may be small items like clippings, which we may have to import."

The other company which will make the wagons is the Zimbabwe Engineering Company of Bulawayo.

The railways said the replacement of the wagons would not in any way alter the arrangement whereby the network uses South African Railways wagons when they are sent here with Zimbabwean imports.

It had been suggested in transport circles that the railways was losing too much revenue by paying high hire charges to SAR for the use of its wagons in Zimbabwe.

The statement said that it was normal practice between neighbouring railways in this region to interchange wagons. The daily hire charge started to apply as soon as the wagon entered the foreign railway system.

"Such wagons only come into Zimbabwe when loaded with import traffic or traffic bound for Zambia, Zaire, Mozambique or Malawi. They are never used internally within Zimbabwe, except where they can be reloaded in the direction of home lines in order to avoid unnecessary empty movement. Nor are they unduly detained."

A spokesman said later than SAR also used NRZ wagons in Soiuth Africa and paid for them at the same rate as NRZ. She could not quote figures, but said the arrangement seemed to even out the charges paid by either system.

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CSO: 3400/1112

SOUTH AFRICA

AIR FORCE CHIEF WARNS NOT TO UNDERESTIMATE NATION'S TECHNOLOGY

Johannesburg THE CITIZEN in English 8 Feb 86 p 10

[Text]

IN SPITE of boycotts and the propaganda onslaught against South Africa by both the West and the communist countries, it would be a mistake, to underestimate the Republic's technological capabilities, the chief of the South African Air Force, Lieutenant-General D J Earp, said yesterday.

Gen Earp was speaking at the annual Air Force Day at Voortrekkerhoogte, which came shortly after the SAAF's 66th birthday on February 1.

The SAAF had a responsibility not only to remain fully operational but to modernise its equipment, the General said.

"In this technological age we cannot afford to fall behind and the SAAF regards this responsibility to be of the utmost importance. The Air Force will be modernised—with or without outside assistance," Gen Earp told about 200 invited guests, including high-ranking officers and their wives, and the mayors of Pretoria and Verwoerdburg.

"When South Africa is under pressure, as is the case at the moment, it would be a very serious mistake to underestimate the determination, initiative and perseverance of our people," he said.

In recognition of the history of the SAAF and the role it had played in the development of the country, Gen Earp said

that plans were well advanced for the proposed new Air Force Museum on Bays Hill, Swartkop.

"This museum should act as a reminder of our duty to preserve the past while acting as a source of inspiration and pride for the young people of South Africa."

The programme included an inspection by Gen Earp of new recruits, inspectors and members of the women's unit and an impressive flypast.

Also present at the Air Force Day parade was Mr Justice Cecil Margo, the chairman of the Margo Commission of inquiry into civil aviation in South Africa. Mr Margo is an honorary colonel of 24 Squadron of the SAAF.

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CSO: 3400/1116

BRIEFS

GOVERNMENT SPENDING FOR MINISTERIAL HOMES--Cape Town--The Government is to spend R2,28 million building new ministerial homes in Durban, probably for member of the House of Delegates Ministers Council. The acceptance of a tender by Homeplan Building Services is revealed in a Masters Builders Association document. Mr Derrick Watterson, MP (NRP Umbilo) planned to raise the issue in Parliament today. Mr Watterson said in an interview that if it could be presumed that houses were being built for all five members, the cost for each house was R457 570. "This is a bit ridiculous. It means the members of the House of Delegates Ministers Council will have luxury homes in Cape Town, Pretoria and Durban. "Most of them have their own homes in Durban. If they need homes they could be less elaborate." Mr Watterson said the Government had no understanding of how ordinary South Africans were suffering. [Text] [Johannesburg THE STAR in English 12 Feb 86 p 4] /9317

AWB TO SET UP VIGILANTE GROUPS--The Afrikaner Weerstandsbeweging (AWB) has called on all its branches to form vigilante-type groups--known as Brandwagte in AWB language. And on the West Rand, the current scene of unrest, up to 6 000 AWB members are expected to attend a meeting on March 8 to discuss the situation. Leader of the AWB Mr Eugene Terre' Blanche said yesterday the time was ripe for Brandwagte because of the "Government's ineffectual handling of the current crisis." Members of the Brandwagte would dress in khaki and would be armed. The Brandwagte would draw their members from the AWB and were open to "any white Christians regardless of their political affiliations." A police spokesman said: "We do not appreciate people trying to take the law into their own hands. But at the same time people do have the right to protect their lives and property--as long as they obey the law." [Text] [Johannesburg THE STAR in English 31 Jan 86 p 3] /9317

ARMSCOR NEW TESTING RANGE--The arms embargo against South Africa has made it necessary for Armscor to develop new weapons systems--and a new testing range is needed where experiments with explosive devices can be carried out, according to an Armscor spokesman. South Africa's arms manufacturer announced recently it would develop a new artillery testing range in the Copperton area of the North-Western Cape. Although the spokesman would give no details of the cost involved, this is believed to run to many millions. The spokesman said the existing Overberg testing range in the Southern Cape

could not be used for testing high explosives because of an agreement by the Minister of Defence following a recommendation contained in the Hey Report. As a result, the Overberg facility functioned purely as a type of outdoor laboratory, the spokesman said. Work on the Copperton range was expected to begin soon and would probably be completed by April next year. Live ammunition, missiles and different types of explosive devices would be tested at the isolated range which would be 57 km long and 13 km wide at its widest point. The spokesman said 21 farms would be affected by the building of the range. [Text] [Johannesburg THE STAR in English 7 Feb 86 p 10] /9317

CSO: 3400/1116

SOUTH AFRICA

MANDELA INFLUENCE GROWING DESPITE IMPRISONMENT

Johannesburg THE WEEKLY MAIL in English 7-13 Feb 86 p 5

[Article by Anton Harber]

[Text]

NELSON MANDELA is hovering on the political horizon like a human equivalent of Halley's Comet.

The latter is returning, portentously, after 76 years of hurtling around the cosmos. The former seems set to return in similar fashion after nearly 25 years in a small cell, property of SA Prison Services.

But while scientists can tell us how the comet will behave, what effect it will have and when it will disappear again, no one can say with certainty what will happen when the African National Congress leader, serving a life sentence for sabotage, is back in his modest Soweto home.

Official sources and those close to his family indicate he is expected out in a matter of weeks. That this is being taken seriously is shown by the fact that his lawyer, Ismail Ayob, has made inquiries about office space in Johannesburg.

His release would be the single most important gesture the government could make to indicate that it is serious about allowing change to occur. It is one of the few moves being contemplated by the government that will have an instant and powerful effect on the majority of people.

It would increase PW Botha's local and international credibility and ease South Africa's negotiations with its international creditors considerably.

Obviously that is why it is being considered — not because of a sudden rush of compassion from the powers that be.

What is not clear, however, is the political effect Mandela's presence will have in an already tense situation.

One can recall both the Iranian experience — where the return from exile of the Ayatollah Khomeini presaged the collapse of the Shah's regime — and the Namibian experience — where the long-awaited and much-heralded release from prison of Andinba Toiva ja Toiva was quickly forgotten.

There is little doubt that Mandela — having refused and apparently defeated attempts to impose conditions on his freedom — will begin organising and rallying as soon as he is freed.

His family is precise about what he will do: "He will take up where he left off as leader of his people."

One can expect a series of mass rallies and maybe even protest marches, attended by millions of people. Curiosity alone will fill any of South Africa's large sports stadiums.

One senior PFP parliamentarian put it this way: "If he comes out and calls a meeting in Soweto, it will make the State President's speech at Zion City last year look like an NRP meeting".

One can expect a massive outpouring of public sentiment. Thousands of youths — most born after his imprisonment — have adopted him as their symbolic leader despite never having seen or heard him. Rumours that he had died last year led to a brief outbreak of violence in Soweto.

The government has added to the tension and sense of expectation over his release by drawing out the process. The first offer of a conditional release was made secretly by the then-Minister of Police, Jimmy Kruger, in 1977. Since then there have been countless offers and refusals, each offer from the government raising local and international expectations, each principled refusal on Mandela's part enhancing his popular status.

The state will struggle to contain the popular reaction to his release, perhaps even banning or restricting him.

If they do, one can expect Mandela to resist or even ignore them. When the government proposed previously to release him to the Transkei, he made it clear through his family that he would ignore such conditions and leave the area.

His position will be a powerful one — knowing the authorities would find it difficult to put him back in prison under any but the most desperate circumstances.

One can expect him, cognisant of the relative immunity he enjoys, to have little hesitation in breaking the law against furthering the aims of the organisation he leads, the ANC. The government will have little option but to accept this — probably within specific limitations that preclude the direct propagation of violence. This could lead to a separation between an external military wing of the ANC and an internal political wing, similar to the structure of Swapo in Namibia.

Mandela is almost certain to use his relative immunity to call for mass action, perhaps a national strike or a protest march.

All this sounds like a scenario for mass upheaval.

It could prove to be explosive. It comes at a time when there is a lull in unrest, but there is talk of a national schools boycott, national rent strikes

and stay-at-homes. It comes at a time when there has never been such widespread popular discontent, seemingly begging for direction.

But there is a crucial difference between this and what happened in Iran. The cataclysmic return of the Ayatollah was done according to his own timing — as the government was collapsing of its own accord.

The South African state may be under a great deal of pressure and looking less certain than it has for decades, but it is not collapsing.

It may find it difficult to contain Mandela, but it will always have the final — albeit desperate — option of returning him to prison.

On the other hand, a call for action from Mandela could peter out like many of the previous calls for a national strike, such as the one proposed last year by Bishop Desmond Tutu.

The mythology surrounding Mandela — cultivated by a government that allowed no one but his immediate family and his fellow prisoners to hear or see him for a quarter of a century — is far greater than any individual could possibly live up to.

The reality is that, despite the euphoria building up over his release, the presence of one man is not enough to bring overnight change.

This means an almost certain disappointment — the Toivo ja Toivo factor.

The comparison is not a simple one. Toivo ja Toivo was not known as a powerful and charismatic leader. He was hailed as the "father of Namibia" because he played an important role in forming the group that came to be the germ of that country's liberation movement.

Mandela's history was very different. In his book "Black politics in South Africa", Tom Lodge described him thus: "...a tall,

aristocratic-looking man with a remote but commanding personality ... prove(d) himself to be a pragmatic and astute strategist".

American academic Thomas Karis described him as "tall, athletic, with a commanding bearing and a dominating personality ... a born mass leader".

But, on the other hand, at 68 he is no longer a young man, even if he is fit and healthy for his age, and has been in relative isolation for a quarter of a century.

The question will be whether he can sustain the interest and momentum generated by his return.

He is likely to come out at a time when many of the organisations that have campaigned for his release and could provide him with a support network have been severely weakened by the repression of the State of Emergency. One only has to visit the UDF head office in Johannesburg — once a hive of activity, always packed with activists and volunteer workers, now occupied by a lone person to answer the phone — to see that he will have difficulty finding the backup and structure so crucial to political mobilisation.

An important factor will be whether his fellow prisoners will be released with him. The government will have difficulty keeping the other Rivonia trialists (such as Walter Sisulu, Govan Mbeki, Ahmed Kathrada) in prison after his release. It is one thing to release an individual leader, another to release a range of powerful, experienced and respected ANC leaders.

No doubt there are some within the government who are supporting their release in the hope that it will bring division within the ANC.

On the contrary, the release of Mandela is likely to boost the ANC, raising hopes for its unbanning and placing it firmly in the centre stage.

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SOUTH AFRICA

BISHOP TUTU PRAISED FOR LEADERSHIP

Johannesburg CITY PRESS in English 2 Feb 86 p 4

[Commentary by Percy Qoboza in Percy's Itch column]

[Text]

IT'S USELESS even putting any logic to the mass hysteria that has been evoked among white South Africans on the subject of Bishop Desmond Tutu. Nobody listens and no matter how the venerated church leader tries to explain in simple English what he said, the hate campaign has reached such paramount proportions, he is portrayed by their media and spokesmen as something from outer space.

I would not lose any sleep over the hate campaign. Even the Master that he serves as a church leader, was subjected to such a campaign to the extent of being put on the cross. Bishop Tutu is well aware that one option he must face is that, like his Master, he could end up on the cross. What really gets me hot under the collar is the litany of lies that goes with that hate campaign.

They lie that Tutu has advocated violence to overthrow the South African Government. He has umpteen times clearly stated his position: He advocates a policy that would bring about peaceful reconciliation between our embattled people.

He has, loud and clear, denounced the violence of the State and that of the people who oppose it. He has clearly said that he shares the dream of the ANC but,

cannot, in all honesty and good conscience, support the means of achieving that dream. Now, is that so difficult for any man of average intelligence to understand?

It is true that Bishop Tutu does not mince his words. The bishop does not owe anybody an apology for his strong choice of words. Many of us have become so thick skulled that it takes some thunderous expressions to make us take note of what somebody is saying.

When the bishop says apartheid is evil, he wants people to understand the context in which he says it – it's a policy that goes against everything our Christian heritage stands for. It is a denigration of God's creation simply based on colour. It is a repulsive rejection of the gospel of Christian love and charity and one that is tantamount to heresy. That's what the bishop says and that's what every priest, church elder and anyone who professes to be a custodian of our Christian values should be saying more and more.

But the prophets are rarely loved in their own land. In fact they used to get stoned. The man in whose memory Bishop Tutu was recently given an award, Dr Martin Luther King Jr, proved just that. He was a man dedicated to the policy of nonviolent confrontation with America's brand of

racism. They did not merely stone him – they shot him.

Yet, at the best of times, the world has been so captivated by their quality of leadership that these men have been honoured. King got his Nobel Prize for peace. The president of the now banned ANC, a great advocate of peaceful resistance – Chief Albert Luthuli – got his Nobel Prize. Tutu, a strong and unflinching opponent of apartheid, and also an advocate of peaceful change – contrary to the accusations levelled against him – got his Nobel Prize.

The tragedy is that this nation refuses to see the Tutus of this land as crucial and well-meaning figures who could play a major role in changing the face of this society for the better. He has the stature and commands the respect that can turn our present despair into hope. Has this nation become so blind it cannot recognise such a glaring reality?

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CSO: 3400/1118

UNOFFICIAL OPPOSITION TAKING STRUGGLE TO STREETS

Johannesburg CITY PRESS in English 9 Feb 86 p 4

[Text]

THE unofficial opposition in South Africa is literally taking its struggle to the streets.

Street committees have been set up in the Eastern Cape in opposition to the ban on all other forms of meetings.

Port Elizabeth community leader Mkhulisi Jack told City Press this type of organisation is intended to lay the basis for a new South Africa — one where the future is decided by all.

And it's also become clear where the support lies — the town council in Port Elizabeth as well as in Uitenhage has collapsed. Only ten out of 21 members are still councillors. And because there is no quorum, the council in Port Elizabeth has virtually come to a standstill.

The new move is gaining ground especially in the embattled Eastern Cape cities and towns where intensified repression following the State of Emergency has taken its toll.

Jack — who addressed a plenary session of the Southern African Catholic Bishops' Conference in Pretoria last week — said street committees have been formed as the first step towards replacing official administrative structures like the Black Town Councils.

"We are now preparing ourselves for a post-apartheid society based on a non-racial municipality and elected on a one-man, one-vote basis," said Jack.

The idea of street committees was first devised by jailed African National Congress leader Nelson Mandela in 1953 and was generally known as the M-Plan.

Mandela anticipated the banning of "liberation" organisations and devised this multi-tiered system — from households upwards — in the townships. Cops quickly suppressed the system, but it persisted longer in Port Elizabeth.

Jack said the new street committees emerged as a groundswell of resistance in other Eastern Cape towns like Cradock, Uitenhage, Queenstown as well as in East London following the mass detention of leaders under state of emergency regulations. More leaders were detained in the Eastern Cape than in any other area in the country.

The man who re-introduced the idea of street and zone committees was slain Cradock community leader Mathew Goniwe.

Before his assassination, Goniwe used to say "democracy for the people in Lingelihle should not be a vision of the future or an abstract ideal. It should be something real, something to give ordinary people the power to bring about changes."

The introduction of the committees paid dividends, especially when Law and Order Minister Louis le Grange detained Goniwe and other community leaders and banned all political meetings on March 30, 1984. Two organisations survived the onslaught — the Cradock Residents Association and the Cradock Women's Organisation. These organisa-

tions continued to function long after Goniwe's death.

Lingelihle, which has about 17 000 residents, was divided into seven zones. About 40 activists were assigned to these different areas and were responsible for holding meetings in each zone.

Activists went from street to street and house to house explaining to the

people what Cradura stood for and what it hoped to achieve. Meetings were held in each area to elect officials and each household could vote for their street representative. This resulted in the mass resignation in November 1984 of all Lingelihle Town Council members.

The street committees are very effective in Port Elizabeth, especially because of the SADF raids in the areas and the curfew, Jack said.

"The street and area committees are addressing specific problems arising from our situation. The consumer boycott of white businesses was conceived at such a meeting and it lasted for four months," said Jack.

"At the moment we are tackling the presence of cops in the area and the education problem. The rent issue will be discussed soon," he said.

Leaders were also continually being harassed, killed and others like the three Pebco leaders – Sipho Hashe, Qaqawuli Godolozi and Champion Galula – have disappeared without a trace.

With the street committees it takes only a few hours to announce a meeting or the death of a member, Jack said.

A Wits University politics lecturer Mark Swilling, who last year spent some time in the Eastern Cape, said the street committee structures have particular advantages for organising in the current climate.

"They can withstand most forms of repression. Street representatives can be low-profiled and would be protected by the people on the street. If the street representative is detained, the street can appoint a new one."

"There would always be leaders to take over leadership responsibilities," he said.

Swilling also said street committees provided a structure for training.

"I see the street and area committees as the basis of the people's power. They represent the alternative form of self government that the people are demanding.

"They are what the Freedom Charter – which was adopted in Kliptown in 1955 – calls democratic organs of self government," Swilling said.

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CSO: 3400/1148

SOWETO CRISIS COMMITTEE SEEN AS EFFECTIVE VEHICLE FOR NEGOTIATION

Johannesburg THE STAR in English 13 Feb 86 p 17

[Article by Maud Montanyane]

[Text]

Since its formation at the end of last year, the Soweto Parents' Crisis Committee (SPCC) has become a vehicle for negotiation between the black community and education authorities.

Over the past four months, the organisation, formed by a group of concerned parents in mid-October, has managed to bring together student organisations, parents and teachers to talk openly about the black education crisis.

The SPCC has succeeded in galvanising black thinking on the education crisis and successfully presented community views to the education authorities.

How long the SPCC will hold on to its role of being a broker in the education crisis remains to be seen. So tenuous is the committee's position that it is not prepared to become a political force.

Its members have refused individual interviews, saying this would divert attention from the real issue — education. They insist on education being seen as a problem facing the whole community.

Although the education authorities have acknowledged the SPCC as a representative body, the police have not given it the same recognition. Several meetings organised by the SPCC after the Wits Consultative Conference on education in December last year have been banned by the police.

EXAMINATIONS POSTPONED

The committee secured its first meeting with the Deputy Minister of Education and Development Aid,

Mr Sam de Beer, only six days after its formation. It was then that it persuaded him to postpone last year's end-of-year examinations to this year.

Not sure how long their victories will remain victories, the SPCC is reluctant to call them a breakthrough.

Negotiations between students, parents and teachers have been gruelling. Meetings often last for hours, with no solution in sight. A wrong word or a wrong move could easily spark a confrontation.

Striking a balance between the views of radical pupils — so aggrieved by Bantu Education that they no longer want anything to do with the system — and those of parents eager to see the children back behind their desks, has been a difficult task.

There has been little progress since the Wits conference. In fact, it is doubtful whether some of the demands made by the 161 organisations represented at the December conference will be met before the end of March deadline expires.

The South African Defence Force has not been withdrawn from townships; the state of emergency has not been lifted; the Congress of South African Students (Cosas) is still banned and not all detained pupils have been released.

Even so, the SPCC has scored some victories. The children are back at school and the SPCC succeeded in persuading the DET to postpone examinations, due to start in Soweto secondary schools on Monday.

Speaking of the DET's compromise, the SPCC spokesman, the Rev Molefe Tsele, said the last-minute decision to defer the examinations to March (a date set by the Wits conference) had diffused what could have been an explosive situation.

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CSO: 3400/1115

BLACKS PREFER ENGLISH AS LANGUAGE OF INSTRUCTION

Johannesburg THE CITIZEN in English 18 Feb 86 p 12

[Text]

LEADING Black and White educationists meeting in Pretoria agreed yesterday that English could, would and must remain the medium of instruction in Black schools — particularly high schools — for many years to come.

The educationists are in Pretoria for a specialist two-day summit conference on the role of language in Black education — frequently the source of Black consciousness politicising.

According to specialists at the conference, research has shown that Black pupils, when they switch to either English or Afrikaans as medium of instruction from their fifth schoolyear, often have problems.

They said that common problems were communication difficulties between teachers and pupils, a high failure rate and a high dropout rate.

Leading Black language methodologist, Professor Abram Mawasha of the University of

the North said that informed Black people believed the removal of English from the Black classroom — or its weakening in any way — would not be in the best interest of Black education or Black advancement generally.

"Blacks, for various reasons, are happy with English as instruction medium and are loath to have it replaced with African languages," he said. This applied particularly above lower primary school level.

Blacks were satisfied with English's potency and expressiveness; its adequacy in science and technology terms and language generally; its efficiency in providing communication across linguistic and cultural barriers in Africa, with its multiplicity of languages; its rich and wide covering of literature spanning many centuries; and its international applicability.

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SOUTH AFRICA

TRADITIONS, POVERTY, ENVIRONMENT SEEN AS HAMPERING BLACK EDUCATION

Johannesburg THE CITIZEN in English 18 Feb 86 p 12

[Text]

SPEAKERS at the Black Education Language Conference in Pretoria yesterday pointed out some of the many problems encountered by Black children, parents and teachers in the educational field.

Poverty and the environment caused a lack of interaction by many pupils and rural customs could also be cumbersome to a sound, academic grounding.

Mrs B M Malefo, of the Tlhabane College of Education, said pupils often came from crowded homes where circumstances were such that they could not do any homework.

The only literature available was the child's school books — if there were any.

Low family incomes and unemployment

forced parents to start "shebeens" to raise money to maintain their families.

In rural areas, after school, boys had to help look after the cattle while girls were called upon to do home chores such as drawing water and collecting firewood — often from considerably long distances — and preparing meals.

"By the time they finish it is late and apart from the fact that they are tired, it is difficult for them to do any reading or writing under the poor lighting of a wood fire," said Mrs Malefo.

Dr M S Odendaal of Stellenbosch University's Institute for Language Teaching, cited a survey which highlighted the difficulties of Blacks in obtaining textbooks.

In 14 schools, she said, more than half the pupils had textbooks. Of the 333 teachers questioned nearly 50 percent said that only half their pupils had textbooks.

In many cases poverty prevented parents from providing even the most elementary of school needs.

Often, she said, parents did not back up teachers by ensuring that homework was done.

Also, parents often attached little value to education and failed positively to motivate children.

Dr Odendaal said that strong traditions also did not further sound education. For instance the child's traditional role of servility to the adult figure of authority of the teacher resulted in passivity by the pupil.

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CSO: 3400/1115

PROFESSOR: DEPRIVATION IN HOMES ROOT OF BLACK SCHOOL CRISIS

Johannesburg THE STAR in English 18 Feb 86 p 15

[Article by Sun Leeman]

[Text]

Deprivation in the home and lack of parental support have more effect on the scholastic performance of black pupils than does any so-called language barrier, according to Professor A L Mawasha of the Department of Language Methodology at the University of the North.

Professor Mawasha told delegates to a Pretoria conference on the role of language in black education yesterday he was not aware of any scientific studies which showed the first language-second language issue was even a critical factor in school performance.

"In the absence of such evidence this area remains an information gap," he said.

Professor Mawasha said in his experience, variables such as deprived home environments with accompanying poor study facilities, non-existent parental support, poor school facilities, poor health and diet facilities, racial, social and political tensions could well be very important in affecting the scholastic performance of a black child as compared with his white counterpart.

"But this is yet to be confirmed by research. Studies are urgently needed in South Africa if we are to make a

scientific statement on this."

Professor Mawasha said black pupils should not be underestimated in their use of English adding it was untrue to say a black man could not master the language.

But, he said, there were three main problems related to the use of English as medium in black schools:

- Not all teachers were articulate in English.
- The pupils' environment was not supportive of English as a medium.
- Many pupils were not enough at home with English to use it properly for acquiring, storing and transmitting knowledge.

These problems should be dealt with at two levels. In the first place, teacher training colleges should intensify their programmes in English to upgrade teachers' use of the language.

"The mistaken notion that teachers who teach English or use it as a medium should be mother tongue speakers of English needs to be buried once and for all. It is logically impossible to man all black schools with English first-language speakers and it is also mischievous to say black people are inherently incapable of mastering English," he said.

Secondly, Professor Mawasha said, there should be properly structured in-service training in English for those teachers already in schools.

Professor Mawasha said he believed English would remain the medium of instruction in black schools for many years to come.

However, as the South African Government became more representative, black South Africans would probably elevate black languages to the same status as English in schools, colleges and universities.

"This would probably be done in order to bring the multilingual and multicultural nature of the sub-continent into focus and so control the problem of language being the traditional South African polariser".

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CSO: 3400/1148

LANGUAGE PROBLEMS THREATEN IN-SERVICE TRAINING FOR BLACKS

Johannesburg THE CITIZEN in English 19 Feb 86 p 13

[Text]

THE State and industrialists were warned yesterday that their ambitious in-service training programmes for Blacks were largely doomed to failure — unless accompanied by language teaching programmes.

At the same time, some of the country's top educationists — Black and White — pinpointed as a problem resistance among Black children to learning English or Afrikaans because of politics.

Mrs C M Webb of the Soweto College of Education told a specialist conference on language in Black education in Pretoria that similar resistance was seen among Blacks to Christianity — languages and Christianity being seen as those of "the oppressor".

However, speakers at the conference agreed that the role of the so-called "White languages", English particularly, would continue to be vital to the education and development of the Blacks.

Mrs S C Janse van Rensburg of the Department of Bantu languages at Potchefstroom University warned that pidgin English could become the social norm.

Mr Janse van Rensburg said that many in-service training programmes had been undertaken by the private sector and most had been "disastrous" because of communicative incompetence and illiteracy of Blacks in the official languages.

"All in-service training programmes directly concerned with upgrading professional skills qualify for concessions.

"But language teaching programmes do not because they are not regarded as job orientated," he said.

Commerce and industry did not provide language training because of the high cost involved and because it would be money wasted on migrant workers.

"This means that a pupil who cannot communicate in English before entering industry will never acquire proper English."

With the present constitutional changes and the easing of job reservation, the Blacks were becoming not only a political but also a social force to be reckoned with.

Being in the majority and because their communication medium was mainly English they would dictate the quality of English.

In any case, Black students were sceptical about the standard of South African English and regarded American English as the "proper" English, he said.

It was impossible for a language to remain unaffected in a developing country so it was on the cards that the language of the majority Blacks, particularly the language of industry, would be a form of pidgin English.

However, said Mr Janse van Rensburg, surveys showed that literacy among Blacks was measured by ability to speak English and that English as a medium of instruction was preferred.

Among problems cited by Mrs Webb was the fact, that two official second languages had to be learnt early which confused many children.

Mrs Webb added: Most of our students are singularly gifted, linguistically, and have a particularly sensitive ear. They have achieved more, linguistically, than many of us who have gathered here to bewail and discuss their language problem.

**"How many of us can
speak seven languages?
How many of us have
mastered the intricacies
of the matric syllabi for
maths, science, biology,
geography through a third
or fourth language."**

/12828
CSO: 3400/1148

SOUTH AFRICA

CISKEI SQUATTERS DESCRIBE RAMPANT CORRUPTION IN HOMELAND

Cape Town THE WEEKEND ARGUS in English 1 Feb 86 p 3

[Article by Ken Vernon]

[Text]

PORT ELIZABETH. — Squatters from a Ciskeian resettlement camp who were dumped beside the road in South Africa this week have brought with them allegations of rampant corruption in the homeland.

The squatters told Weekend Argus that certain Ciskeian officials had withheld their pensions, refused to issue receipts for taxes and forced youths to buy membership cards of President Lennox Sebe's Ciskeian National Independence Party (CNIP).

Frustration over this led to tension and violence. A headman's house and a clinic were burnt to the ground and 3 000 squatters were suddenly evicted from their hillside shanty town, they said.

Ciskeian police and soldiers told residents of the Kuni resettlement camp 30km from East London to pack and climb into waiting lorries.

They then dumped the squatters and their possessions beside the road 6km away, over the South African border.

Ironically, the squatters are part of the human flotsam thrown up by the process of consolidation that was carried out nearly a decade ago in order to create the Ciskeian state.

Forced to move

Most of those affected are elderly. There are also young women, but young men are away from the settlement, working in other centres.

Many have stories to tell. Mr Mchine Mcengani says he spent his working life on farms in the Kidd's Beach area, which was bought in stages from its white owners for incorporation in the Ciskei.

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CSO: 3400/1119

As the new black owners arrived they brought their own workers. Mr Mcengani said he was forced to move to Kuni.

He was angry about his treatment at the hands of the Ciskeians and complained bitterly that late last year he had been forced to pay local Ciskeian officials a R5,50 tax, without getting a receipt.

Later, he said, he was arrested by police and fined R10 for not paying his tax because he could not produce a receipt.

Mr Poklani Mroshe, 68, says his pension for December was withheld by officials. He said his money was "gone for good".

Some youths from Kuni alleged they were forced to buy CNIP membership cards or else be beaten by Ciskeian police or soldiers.

A spokesman for the Youth Association, Mr Sidwell Bood, said the youths were annoyed because Kuni officials were appointed only by the Ciskeian Government.

"We, the residents of Kuni, had no say in the way our lives were governed, just as now we have no say in where we shall live."

In spite of being forced to build new shacks in barren veld almost overnight, everyone spoken to said they were happy to be out of the Ciskei and back in South Africa.

This was not because of politics but because they said they had been treated as strangers and interlopers by Ciskeian officials and residents.

"They never did anything but take our money. They gave nothing in return," he said.

A large-scale relief operation is at present underway by several South African Government departments under the co-ordination of the Department of Development Aid.

Several hundred tents have arrived at the site from Pretoria and food is being distributed.

Up to 1 000 squatters remained at the Kuni Camp yesterday. They were under almost constant surveillance by Ciskeian soldiers, armed yesterday with a sneeze machine in addition to their usual weapons.

SOUTH AFRICA

SIBONGILE RESIDENTS ENTER 10TH MONTH OF RENT BOYCOTT

Johannesburg CITY PRESS in English 2 Feb 86 p 4

[Article by Sibusiso Mngadi]

[Text]

THE cry "Ayithelwa" (we won't pay) has become a popular slogan for residents of Sibongile outside Dundee, who this week entered their tenth month of a rent boycott.

Now Sibongile, in the heart of KwaZulu, has come to be regarded as the "liberated zone of the north" by neighbouring black communities.

Despite a recent court ruling – asked for by landlords Natalia Development Board – in favour of rent payment, defiant residents are determined to go ahead with the boycott.

The rent increase by NDB from R23 to R28 last April sparked off what became the first unrest incident in Natal.

The unrest in Sibongile shocked many observers, who thought Natal would not be affected by unrest because of the "strong leadership" of Inkatha's Chief Gatsha Buthelezi.

Sibongile residents have demanded proper services in the township, and have said their houses are not fit for people to live in.

They also claim that despite undertakings by the township authorities, no taps have been installed in the houses. And the only communal tap in each street is shared by more than 20 families.

The township still uses the toilet bucket system.

Sibongile Civic Association vice-chairman Torrolo Khanyende said the SCA has sent a memorandum to Constitutional Planning Minister Chris Heunis, asking him to attend to residents' grievances.

Khanyende said his executive committee had suffered "severe harassment" by security police, who have detained them several times since the SCA's formation last year.

The commission of inquiry held in December issued a "warrant of execution" authorising the NDB to recover the rent arrears – leaving many people in fear of what could happen to their property while they were at work.

The commission also found that the NDB had followed all suitable channels when increasing rentals – the April increase was therefore valid.

Local chief Alex Sithole, 51, supported the residents' boycott action and condemned the living conditions. He has also not paid his rent, despite being subjected to threats of eviction.

Chief Sithole has vowed he would never betray his people. "I am prepared to die for their cause," he said.

He accused the board of by-passing him.

He said because of his outspoken views against injustice, the authorities preferred to talk to "unpopular and unrepresentative" councillors.

Other residents told City Press that since the beginning of the rent boycott, the conditions in the township have become "more deplorable".

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CSO: 3400/1118

SOUTH AFRICA

GIANT TRADE UNION FEDERATION TO BE FORMED SOON

Johannesburg SOWETAN in English 5 Feb 86 p 3

[Text]

THE formation of another super trade union federation is in the pipeline.

The new federation, whose name still has to be decided on, will become a reality when two black consciousness-orientated trade union federations — the Council of Unions of South Africa (Cusa) and the Azanian Confederation of Trade Unions (Azactu) — merge soon.

The two federations met in Johannesburg at the weekend to examine common ground for a future working relationship. A sub-committee has been established to examine the future of the black

working class in the country.

The meeting found common ground on the following issues:

- Black leadership;
- Acceptance of white involvement at grass-roots level;
- Non-affiliation to political organisations;
- Agreement on financial accountability to members within unions;
- Independent action of unions within a federation;
- Methods of international financial assistance and
- Continued community involvement.

Cusa pulled out while Azactu was not invited

to talks aimed at the formation of the giant non-racial trade union federation — Cosatu.

Cusa's president Mr James Mndaweni told The SOWETAN yesterday that although discussions have not been completed towards the formation of the new federation "tremendous progress has been reported".

Cusa's joint executive council would hold a meeting on February 16 to get a clear mandate from its affiliates on the issue.

Azactu's co-ordinator Mr Pandelani Nefolovhodwe also reported progress on the possibility of forming the new federation.

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CSO: 3400/1118

SOUTH AFRICA

BRIEFS

NO BLACKS VOLUNTEERED IN SADF--No black South Africans volunteered for national service in the South African Defence Force last year, Minister of Defence Magnus Malan said yesterday. And only 1,73% of those rendering voluntary service in the commandoes are blacks. General Malan revealed this when he replied to two questions which had been tabled by Philip Myburgh (PFP, Wynberg). He said 211 white women, 4010 coloureds and 667 Asians volunteered for national service, but no blacks had done so. Of these, 1847 coloured people and 297 Asians had been accommodated. General Malan refused to disclose how many people had volunteered for national service. [Text] [Johannesburg BUSINESS DAY in English 13 Feb 86 p 8] /12828

BLACK PUBLIC SERVANTS FORM UNION--A new union to organise black public service workers has been formed--and already claims about 7 000 members. The National Union of Public Service Workers was launched in Johannesburg last week and has affiliated to the Council of Unions of SA (Cusa). "The union was established after a request by workers last year that Cusa assist them," said Mr Piroshaw Camay, general secretary of Cusa. "Members of the union are employed by municipalities, city councils, community councils and the West Rand Administration Board. Talks are taking place with certain municipalities regarding recognition and other conditions of service." Mr R. Bali has been elected president of the new union. He has a long association with unions in the public service. [Text] [Johannesburg THE STAR in English 12 Feb 86 p 8] /9317

CSO: 3400/1118

SOUTH AFRICA

REPORTER SEES TRANSFORMATION OF APARTHEID, NOT DISAPPEARANCE

Cape Town THE ARGUS in English 11 Feb 86 p 11

[Article by Anthony Doman]

[Text]

Seldom does separate mean equal . . .

APARTHEID, at least the visible kind, seems to be dying in Cape Town.

But is it really?

There's no denying that we may work and play together — but we still face separate housing, education, transport, separate birth and even separate burial.

And seldom does separate mean equal.

We may temporarily shut out the realities of apartheid by not putting up "Whites-only" signboards. We may apply for permits to get around race restrictions.

But at birth we are categorised by the Population Registration Act, and in life — as in death — we bow to the Reservation of Separate Amenities Act and the Group Areas Act.

Is apartheid really dying in Cape Town . . . or is it simply taking on another form ?

ALTHOUGH some local authorities have now declared beaches and facilities "open", some still separate whites and blacks.

● The Cape Town City Council's Manager of Beach Amenities, Mr J S Kloppers, said that Sandvlei caravan park was for whites only and Princess Vlei for non-whites only.

"But there are no signs," he said.

Mr Kloppers added that all city council civic halls, with the exception of Muizenberg, were "open".

Last year the Department of Constitutional Development and Planning agreed to drop restrictions on "mixed dancing, mixed roller or ice-skating and mixing of races on stage or at functions where liquor will be used" at most of Cape Town's halls.

Sea Point and Muizenberg were excepted at the time because, said the department, they were in "totally white areas".

However, the Lansdowne Civic Centre, in a "totally coloured area" was among the halls given the "open" go-ahead.

● Cape Divisional Council secretary Mr C H Mocke reported that major divisional council amenities like the Cape of Good Hope Nature Reserve and Rondevlei bird sanctuary were open to all.

But Miller's Point caravan park and beach are for whites only, while Soetwater and Silverstrand are for non-whites.

Prominent signboards announce who may or may not use the facilities.

Some beaches including Hout Bay (harbour end), Swartklip and other "unspecified beaches" are open to all. Those restricted to whites include Melkbos, Blouberg, Llandudno, Hout Bay (Chapman's Peak end), Noordhoek, Kommetjie and Scarborough. However, there are no signs on some of these beaches. Mixing has taken place on a small scale on several of them this summer and no incidents have been reported.

● Beach areas and amenities controlled by the Stellenbosch Divisional Council are open, says liaison officer Mr F H Stephens.

"There are no restrictions on our facilities at Macassar and the stretch from Gordon's Bay to Steenbras," he said. "At the end of last year the first phase of a R4.5-million development at Macassar was completed and I can tell you the area was choc-a-block during the festive season.

"People came from all over — there must have been 20 000 to 25 000 over Christmas."

● However, at nearby The Strand, there are stretches for whites, non-whites, and "mixers". In case you are uncertain there are plenty of signs to help you make up your mind.

● Neighbour Gordon's Bay takes a diplomatic view of things, says Town Clerk Mr C H Steyn. "It's a white area so our beach and holiday resorts are for whites only, but we are aware of the political climate," he says. Although the municipality and police are obliged to act on complaints, he said, they tried not "to make an issue of anything" if there was no misbehaviour involved.

"We are also obliged to have signboards up, but I would call them inconspicuous," he added.

● Milnerton is, strictly speaking, white, but nobody is barred from using its beaches.

"Not many people swim here anyway because of the strong currents," says Town Clerk Mr JH Veldsman, "but people mix freely on the beaches."

"And we have not had any incident that has caused problems."

Municipal halls in Milnerton are open to all under the same arrangement as the Cape Town City Council — no restrictions to speak of.

● Simon's Town is busy asking the authorities to have its "whites-only" signs removed from public amenities, says Town Clerk Mr C Chevalier.

"As far as 'mixing it' goes, things are in a state of flux," he said.

Just One Family ?

ALL over South Africa, people are still being barred from restaurants, cinemas, hotels, beaches and other public amenities because they are the wrong colour.

Yet many people believe that, in Cape Town, we project the image of being one big happy non-racial family.

Although apartheid sign-boards may be thin on the ground, a little digging will show that apartheid practices often don't need signs at all.

But there are no such problems at Cape Town station, according to Transport Services liaison officer Mr Luther Diedericks. "The station itself used to be separated into white and non-white sections, but now that has fallen away," he said.

"Instead, one section is for first-class and second-class passengers, and the other for third-class passengers, whether black or white," he said. "We reserve the right of admission to our restaurants or coffee bar, but that is based purely on a person's behaviour."

Railway transport, though, is still clearly labelled "whites-only", "Non-whites only" — or is simply left blank for those who don't mind mixing it.

And once you have climbed into your preferred coach for a train ride, you may come across some odd signs at certain stations.

For instance, at Observatory Station there's the toilet for "Third class — Men". Right next door is one for "Net nie blanke — Dames".

It probably all depends on your station in life.

But that is where the signs seem to end. Government buildings, once very particular indeed about who goes where, dumbly accept people of all sorts.

Indications are that, this year, the race restrictions on public bars are to go too.

I imagine I can already hear some smart politician saying: "All signs of apartheid have now disappeared."

He'll be quite right, too. And also completely wrong.

Beware Where You Park Those Wheels

FOR caravanner Matthew Benjamin, apartheid, far from dying, is as healthy as ever.

"It's just being camouflaged," he says bitterly.

Two weeks ago Mr Benjamin, who is chairman of the Peninsula Caravan Club, was turned away from Sandvlei Caravan Park at Muizenberg with some of his club members. "Whites only," he was told.

The Cape Town City Council's Manager of Beach Amenities, Mr J S Kloppers, said later that the council's "hands were tied" and that it had asked the Government repeatedly for the whites-only rule to be scrapped.

Mr Benjamin says: "When we telephoned about a booking nothing about whites-only was mentioned. And there are no signs.

"If the council is adamant about upholding apartheid it might as well put up the signs."

Cape Town isn't the only culprit either, he says. "Bellville has only one municipal caravan park — Hardekraaltjie — which is for whites only.

"We are ratepayers. Our funds are being used to subsidise these amenities. Yet we can't use them."

But sometimes apartheid causes unusual twists. "Once we complained about conditions at Sonesta (near Hawston), which is controlled by the Provincial Administration," says Mr Benjamin.

"The supervisor told us he couldn't inspect the place because it's for coloureds only.

"And he was white."

Just Be Careful Where You Swim

WHITES ONLY
NET BLANKES

This job is for Whites only

"THIS interesting and varied position in a friendly environment would suit a mature European lady . . ."

"Regret whites only."

"Large financial institution wants to employ a European lady . . ."

Many employers in this supposedly enlightened part of the country still seem to find that degrees, diplomas, certificates and experience are not enough.

But don't be misled by advertisements which appear to be free of race restrictions.

Take the experience of a Cape Town man, Mr R (he asked not to be named) with a degree and some years' experience at his job.

WHITES ONLY
NET BLANKES

"Two weeks ago a fairly large concern offered two jobs — one senior, one junior," he said. "As soon as I saw their advertisement I called up about the job.

"I thought I fitted the bill for the junior position, but I was told that in fact I would fit into the senior position.

"The person at the other end of the line seemed encouraging. Then he asked me where I had gained my experience."

Mr R had previously worked at a business which dealt mainly in the coloured market.

"When I told him, he went quiet. Then — this was at 9.30 on a Monday morning after the advert had appeared for the first time — he said that he already had two days' worth of applicants lined up. He said he might be able to fit me in after that, but he couldn't promise anything."

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CSO: 3400/1147

SOUTH AFRICA

ANC'S COMMITMENT TO IDEOLOGY MAY FAVOR PAC IN POWER STRUGGLE

Cape Town CAPE TIMES in English 13 Feb 86 p 8

[Commentary by Michael Hartnack]

[Text] MARXISM, or any ideology for that matter, is not always what it pretends to be in the developing world.

Zimbabwe is an example: it is not, as many south of the Limpopo believe, a Marxist state — not yet, at any rate.

A fundamental truth about the relationship between the ideologies of the developed world and their roles in the emerging nations was bloodily illustrated a few weeks ago on the streets of Aden where, according to the BBC and other Western news media, "rival Marxist factions" have been battling for control.

However the learned academics of Leningrad or London may evaluate the epoch-making socio-economic theories of Dr Karl Marx, the reality in South Yemen is that Marxism is simply a mythology imported by a dominant minority for their own purposes. Its principal appeal is that it conveniently rationalizes and justifies certain extreme acts of coercion the rulers believe are necessary to maintain the cohesion of the society under their control.

One only has to think of such leaders as Unita's Dr Jonas Savimbi, once an ardent Maoist, to find more evidence that, usually, the initial motive behind aspiring Third World elites who import ideologies is plain opportunism.

Unfortunately, only a handful of Third World leaders are realistic enough to admit this even to themselves. It is an Orwellian "unthinkable thought" which, once entertained, saps the loyalty of the convert to the faith.

Victims of propaganda

A foreign "cohesive-coercive mythology" is imported just because the Third World society was unstable in the first place. Initially, it is merely parodied in a superficial form.

It is only later, paradoxically, that rigid dogmatism tends to take over from opportunism. For as instability continues, it produces a second generation of converts, usually young people who have fallen victim to their rulers' own propaganda. They believe that if only the mythology can be applied in its purest, most absolute form, the kingdom of heaven will arrive among men.

The last time this sort of phenomenon was witnessed in British politics was in the 1640s when the Presbyterians were obsessed by the conviction that if only their "solemn league and covenant" could be imposed throughout the British isles, every problem that had afflicted them since the renaissance would vanish overnight.

South Africa has seen something of this with the clamour by Afrikaner extremists for a return to "pure" Verwoerdian apartheid.

Here in Zimbabwe, the very success of the Mugabe government in halving the infant mortality rate and getting more than 90 percent of youngsters into school is in the process creating a class of Shona-speaking political agitators whose first faint mutterings may even now be heard.

Exasperated by unemployment and by the degrading realities of urban poverty, these school-leavers with their high expectations for the future are a receptive audience for malcontents (at present contained within the ruling party itself) who are beginning to convince themselves that Mr Mugabe's pragmatism is the root of all Zimbabwe's troubles.

One of Mr Mugabe's many pragmatic gifts demonstrated in the past is his ability to smell a political winner. And it never ceases to amaze observers of the South African scene why the Zimbabwean government continues to favour the Pan Africanist Congress which, as a Johannesburg friend recently put it to me, is "simply invisible" within the Republic itself today.

Perhaps Mr Mugabe has a nose for people who, like himself, are pragmatists (or, as their enemies would put it, opportunists) rather than blind idealists.

For when people talk about the "moderation" they say they have encountered in talking to the leaders of the PAC's more well known rival, the African National Congress, they mean moderation in the plans the ANC have for South African society when they should come to power. They cannot mean in the ANC's methods of achieving power.

One of the things that must strike anyone who talks to the ANC is the vehemence of its leaders' faith in ANC principles, which are not, whatever one may hear of Soviet penetration of the movement, simply something acquired *holus bolus* from a foreign source.

When the ANC say they are not prepared to discuss a federal system or a qualified franchise, even as interim measures, they really mean it.

This is something many diplomats and anti-apartheid campaigners seem not to want to understand. The ANC is not merely adopting a political posture for public consumption, behind which is concealed a secret willingness to compromise on power-sharing.

They are (by their own lights) idealists first, and politicians so far second as to make it extremely doubtful to pragmatists — among whom may be Mr Mugabe — that given the chance to gain power through the negotiations he believes are inevitable, they could make the most of the opportunity.

It is interesting to observe from Harare that the campaign among white South African liberals to have the ANC unbanned and allowed to organize freely in the Republic still has momentum. There are many who say that a re-introduction to the realities of South African politics will restore the lost element of pragmatism to the ANC's councils. They might be right...

But given the vehemence with which the ANC believe in a set of ideals they have spent long years formulating (most of them enshrined in their Freedom Charter)

there is a strong practical possibility that an unbanned ANC would degenerate into a mere stalking horse for an opportunist rival — probably the PAC.

Practicalities of power

For example, if the ANC campaigned on a platform of state participation in strategic industries, its rival would outbid it with a vote-catching demand for the seizure of all white businesses without compensation. If the ANC campaigned for rapid black advancement in the civil service, its rival would demand the dismissal of all presently employed whites, and so on.

Knowing the ANC, they would not budge from the Freedom Charter's assertion that South Africa and its resources are the equal property of all South Africans — even if this stand lost them votes. While such a show of principle may be laudable, it is not the way one-man, one-vote elections are won in Africa. In politics there is no honour or morality, according to Machiavelli, only the practicalities of power.

So it is quite conceivable that the ANC might lose elections fought on the issue of black solidarity despite the overwhelming support it now seems to have in South African townships. It is not so long ago that Bishop Abel Muzorewa's UANC in Zimbabwe enjoyed phenomenal popular support, which evaporated when the UANC failed to come to grips with practical power politics.

The ANC could not accept freedom to campaign in South Africa without insisting on the unbanning of its rivals, if only so it could demonstrate the overwhelming support it is convinced it has. It — and all the whites who believe the ANC contains people who should be brought into the South African "decision-making process" — might thus be riding for one tremendous fall.

Politics is not about the fine and noble things you plan to do for your people once you get into power. It is about how you get power and keep power.

Anyone who doesn't understand this is dangerously naive.

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CSO: 3400/1147

ADVERTISERS FIGHT AGAINST APARTHEID STEROTYPES

Johannesburg THE STAR in English 18 Feb 86 p 13

[Article by Kashvina Jaga]

[Text] Advertising companies are aware that unless they drift away from apartheid stereotypes and market products for blacks and whites they appear to be propping up the system, says a black communications consultant, Mr Mtutuzeli Matshoba.

Mr Matshoba has been employed with an advertising company for the last six years. He is also the author of two books, "Call me not a Man" and "Seeds of War"--a banned book.

In an interview, Mr Matshoba spoke about the black advertising market in this country.

"I do experience guilt about reinforcing the system, by being involved in planning advertisements aimed solely at the black market," he said.

At the same time, there are definite cultural differences between race groups which must be acknowledged when formulating advertisements.

He argued that although one had to be sensitive to these cultural trends, advertising could be geared towards one market only.

"Advertising can be an important vehicle to bridge the gaps between different race groups."

He said by catering for a black and a white market, companies also spent extra time and finance.

Speaking about the black community's attitude, Mr Matshoba said companies were aware of the distrust in the community towards black advertisements.

They appeared "patronising" and far from the reality to most blacks, often depicting an upper middle class lifestyle.

When blacks compared advertisements selling the same product, on a white TV channel to a black channel, they felt they were being sold "an inferior product."

"This is a risk factor for firms and one has to tread very carefully when planning advertisements," said Mr Matshoba.

Potential

He pointed out that a television scene, of a couple kissing each other in front of children, would be acceptable to whites, but distasteful to a black audience.

Discussing a few of the concepts he had worked on, Mr Matshoba said the cow was important in the black community, for religious and cultural reasons.

Brand names of some products have to be changed at times to traditional African names. Mr Matshoba was optimistic about the black market. He said: "It is the market of the future with its increasing buying power potential."

The director of an advertising company, Mr Tim Bester, said because advertising companies catered for separate markets, it did not mean they supported apartheid.

"One has to recognise differences not because we are making a racial statement, but because the differences are relevant to the selling of the product," Mr Bester argued.

In advertising it was imperative that one was sensitive to the cultures and emotions of various race groups. Markets were not determined solely on the basis of race, but on economic and other factors.

He speculated that even if apartheid was scrapped, advertising would continue addressing itself to the needs of both black and white communities. Some products would appeal to blacks more than whites, and vice versa.

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CSO: 3400/1147

U.S. BID TO HALT MINES MERGER FAILS

Johannesburg THE CITIZEN in English 12 Feb 86 p 13

[Article by Tony Stirling]

[Text]

AN American bid to halt the proposed merger of five Free State gold mines failed yesterday when shareholders gave the Anglo American plan just under three percent more than the 75 percent majority it needed.

From the final voting figures produced after the meeting of Free State Geduld's shareholders yesterday, it appears that proxy votes, which were heavily canvassed by Anglo prior to the initial meeting at the end of January, were the deciding factor.

A total of 51 shareholders representing 4 197 598 of the 10 440 000 shares held, attended the meeting.

In addition there were 547 shareholders represented by proxy owning 1 879 266 of the shares.

Holders of 131 451 shares abstained from voting.

Of those who voted, 77,97 percent were in favour of the scheme devised by Anglo for a merger of the mines, which gave Anglo 2,97 percent more than the required 75 percent majority.

With the Anglo group controlling just under half of the shareholdings represented at the meeting, it needed about an additional 26 percent to carry the vote in favour of the merger.

In the event, it obtained nearly 29 percent of the 31 percent of the shareholders represented by proxy, which bears tes-

timony to Anglo's efforts to secure proxies before the initial meeting on January 28, which was adjourned because of the number of questions asked.

Those who voted against totalled just over 22 percent of the shareholdings represented.

"That was a bit of a sweat," one Anglo official commented after the meeting. "We had not expected it to be quite that close."

The resistance shown by certain American investors, openly confirmed by Anglo sources yesterday, was largely ascribed to a wish to see quick returns on investment rather than serving the longer term interests contained in the Anglo merger plan.

Among the main positive features of the merger proposal is that it will offer the mines in question a longer life through the investment of more development capital while administration and other costs will be reduced.

Voting for the scheme by shareholders of the other mines involved in the plan, President Brand, President Steyn, Western Holdings and Welkom, was overwhelmingly in favour of the merger.

The final stage will be reached in the Rand Supreme Court next week when court sanction, which is considered a formality, is sought as the final step in the creation of the world's largest gold mining company.

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CSO: 3400/1117

SOUTH AFRICA

RISING COSTS STRAIN TRANSVAAL FINANCES

Johannesburg THE CITIZEN in English 12 Feb 86 p 8

[Text]

THE Transvaal Provincial Administration is reeling under increased financial pressure and is likely to end the financial year in the red because of rocketing inflation, fuel and other costs and the weak rand-dollar exchange rate.

The Administrator, Mr Willem Cruywagen, yesterday sought the go ahead at the annual "Mini-Budget" session of the Provincial Council for further expenditure totalling nearly R900 million.

Of this, R731-million will be to keep the province's wheels turning after the end of the financial year in March, until the new budget for 1986/87 comes into operation in about August.

He asked for a further R156,4-million — needed to balance the province's

books in the present financial year.

Mr Cruywagen told the Council that the extra amount in the additional budget ordinance was needed in addition to the original R2 639,607-million budgeted for the year.

Cost increases, climbing inflation, higher salaries and other factors all contributed to the need.

He hoped to be able to meet the amount through the adjusted Central Government subsidy and by using a bigger surplus for their 1984/85 financial year than had originally been expected.

But at the same time he warned that the R619 421 surpluses that had been budgeted for in the present financial year had been whittled away, and now stood at a mere R1 000.

Major extra expenditure in the additional budget will be in the Hospital Services Department, R83,6-million; on bridges and roads, R38,3-million; and education R17,5-million.

Mr Cruywagen said that extra expenditure and costs covered a wide field.

Expenditure was planned, among other things to develop open air recreation facilities for Coloureds and Indians at Pretoria's Roodeplaat Dam.

He also needed R967 for maintenance work at the State Theatre in Pretoria—and to buy an organ and stores for the theatre.

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CSO: 3400/1117

SOUTH AFRICA

NUM PLANS TO DISRUPT COAL, METAL EXPORTS

Johannesburg THE CITIZEN in English 18 Feb 86 p 8

[Article by Helen Simpson]

[Text]

THE National Union of Mineworkers (NUM) has targeted the mining company Gencor as an "enemy company" and intends disrupting its coal and metal shipments to other countries via the International Miners Organisation.

Mr Cyril Ramaphosa, general secretary of the NUM, said at a Press conference in Johannesburg yesterday, that the NUM had submitted a list of Gencor affiliates, and companies with "interests in Gencor" to the Congress of South African Trade Unions (Cosatu).

Cosatu, to which the NUM is affiliated, would then submit the list to the International Miners Organisation.

The International Miners Organisation,

which was launched last year by Mr Arthur Scargill's British NUM and the French Miners Union, was formed to express solidarity for miners' unions worldwide. It has a strong anti-apartheid line.

Mr Ramaphosa said that Gencor had over the past two years, "persistently dismissed our members and we now intend putting international pressure on it".

"Gencor has a number of interests overseas and we have already been in contact with the International Miners Organisation as regards the movement of Gencor's coal," he said.

Mr Jay Naidoo, general secretary of Cosatu, said he could not disclose the number or names of the companies on the list but would be releasing details tomorrow.

Mr Ramaphosa said the disruption campaign would gain more impetus once it had been established exactly where Gencor's coal went when it left South Africa.

Gencor was not available for comment yesterday.

NUM also called on mine management to desist from using mine police or the SA Police to harass striking miners or "we will have to defend ourselves — and the way we do will depend on our members".

According to Sapa, Mr Ramaphosa, said striking mineworkers had had "traumatic experiences" concerning their right to strike, which was restricted by legislation, mine police, the SAP and the SADF.

He also told journalists that despite the refusal by the Chamber of Mines to recognise May Day (May 1) as a paid holiday, members of the NUM would not turn up at work on that day. Instead, they would attend rallies to celebrate this as a national event.

Mr Ramaphosa said miners would stage a national strike if the various mining houses made different offers on wage increases, adding that the NUM would not be "divided this year by different offers".

Referring to attacks by the South African Government on neighbouring states, he said the congress had resolved to immediately contact unions in neighbouring states "to conscientise their members and better prepare them for such attacks".

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CSO: 3400/1117

SOUTH AFRICA

CBD MAY BE HAMPERED BY POOR TRAFFIC SYSTEM

Johannesburg THE STAR in English 8 Feb 86 p 3

[Article by Shirley Woodgate]

[Text]

The future of Johannesburg's central business district is at stake unless the entire transport system is upgraded, chairman of the Transportation Committee, Mr Danie van Zyl, warned this week.

A top council official confirmed the roads in the city centre had reached saturation point, with the volume of traffic in the CBD showing virtually no increase during peak periods over the past 10 years.

Figures from 1974 to 1984 show that peak hour traffic in the CBD increased by only 4.7 percent (from about 33 000 vehicles to about 35 000) and all-day traffic into the CBD rose by only 20 percent (from about 207 000 to 249 000).

But traffic entering the greater Johannesburg area shot up by a massive 64 percent and overall peak hour volumes increased by 54 percent from 36 000 to 55 000.

The discrepancy showed clearly that cars were avoiding the CBD, said deputy metropolitan planner Mr T I Carlisle, and the alternatives were clear: improve the flow of people into the CBD or face its eventual deterioration as people travelled elsewhere to do business.

If that happened everyone would suffer, the business sector as well as the citizens who would be saddled with extra rates.

Mr Carlisle was commenting in a wider sense on the furore which greeted the council's attempt this week to get people back into the buses.

The Transport Department upgraded the Newlands park-and-ride and closed off one of the three city-bound traffic lanes for buses only. But the poorly publicised move caused early-morning traffic jams on Ontdekkers and Main roads.

Motorists complained the exercise was futile as it had not improved bus usage, merely delayed cars or rerouted them while half-empty buses shot past in the fast lane.

"We have tried most of the other options to improve the flow of traffic in the CBD," Mr Carlisle said.

"New one-way streets have been created allowing for 20 percent more capacity, roads have been widened, robots synchronised."

More buses could be put on the routes as demand increased.

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CSO: 3400/1117

HIGH-TECH-- R4BN BUZZWORD FOR THE FRONTIER OF TECHNOLOGY

Johannesburg BUSINESS DAY in English 31 Dec 85, 3 Jan 86

[31 Dec 85 p 2]

[Text]

HIGH-TECH is a buzzword covering electronic components, equipment and systems, a market worth more than R4bn a year.

But what is high technology? The experts find the prospect of a broad definition provocative.

Siemens joint MD Dietrich Botsch puts it in an electronic nutshell: "High-tech is any application of a sophisticated combination of electronics, electromechanics and integrated circuits, be it necessary for production, office application or merely for entertainment."

But then he adds that single components, such as microprocessors, should also be called high technology.

Group executive technology at Altech, David Jacobson, says even "technology" is a buzzword.

Applied science

"What technology means to me is applied science, and science in turn is the process of understanding natural phenomena, such as lightning, electricity, materials and their properties.

"Making this understanding work for you is technology.

"Understanding the properties of silicon, for instance, leads to the development of the transistor, and from there to complicated electronic devices which do things of which we never dreamt.

"Technology is really our servant, and we use our constantly evolving store of science to develop further technology."

High-tech, says Jacobson, is the cutting edge of technology, the most advanced part, with the most advanced manufacturing processes.

Like Siemens' Botsch, Jacobson sees a microprocessor as a prime example.

"It is the heart of computing equipment; it is like a computer on a single chip. Today you can buy a chip with a word length of 32 bits, a high precision capability of holding numbers.

"It works at very high rates — over millions of instructions per second — with input/output devices which enable one to read out results from the chip to a printer or tape recorder or disk."

Innovations

IBM marketing and services director Tony Dry says the concept of high-tech is based on a set of radical innovations which have drastically reduced the cost of storing, processing and disseminating information.

It affects the entire economy and industry, from mining to agriculture, and every branch of manufacturing and service.

"High-tech is changing the type of product that can be offered, and it is also modifying the processes by which they are made," he says.

Says Philips general manager, scientific and industrial, Wilfried Muller: "We are still working with basic physics, but we are taking smaller, more intricate steps than 100 years ago.

"The times of great discovery, as with Newton and gravity and Maxwell and induction laws, are no more."

What counts today, says Muller, is

● This is the first in a series of three articles on high technology by Fred Stigligh. Part 2 will appear on Friday.

what one does with physics, which amounts to how much computing power one applies.

Analysis of certain materials and substances involve the same technology as years ago, he says, but through automation and computing power, reliable results are available in seconds.

Engineers using waveform analysis to find out, for example, why a turbine blade breaks at a certain stage, have instant access to results through powerful microprocessors linked to the turbine.

"The age of the slide-rule and the scientific pocket calculator is gone," says Muller.

Microprocessors can do today what mainframe computers did yesterday.

"Integration will improve, leading to smaller, more powerful and reliable instruments that consume less energy," he says.

There is full agreement that SA should be involved in the cutting edge of technology.

Productivity and competitiveness are at stake, say the experts.

Information

According to IBM's Dry: "Information technology increases productivity not only of people but of the entire investment, with capital costs, material costs and energy costs all taken into account."

Manufacturing, he says, involves time and information gaps between design, procurement, production, administra-

tion and dispatch. Information technology makes it possible to reduce these gaps.

As a result, products and manufacturing processes can quickly be modified. Where until now local manufacturers have tended to rely on economies of scale, they will increasingly have to apply mass production techniques to smaller batches and still show a profit.

In addition, they should adapt to operating with reduced stock levels and less work-in-progress.

"They can achieve this by using technology to link component suppliers with those who are assembling finished products," says Dry.

Altech's Jacobson: "You're either in it, or you're out.

"To be really in it is to do your own development. It enables you to get a feel and ability to predict where things are going."

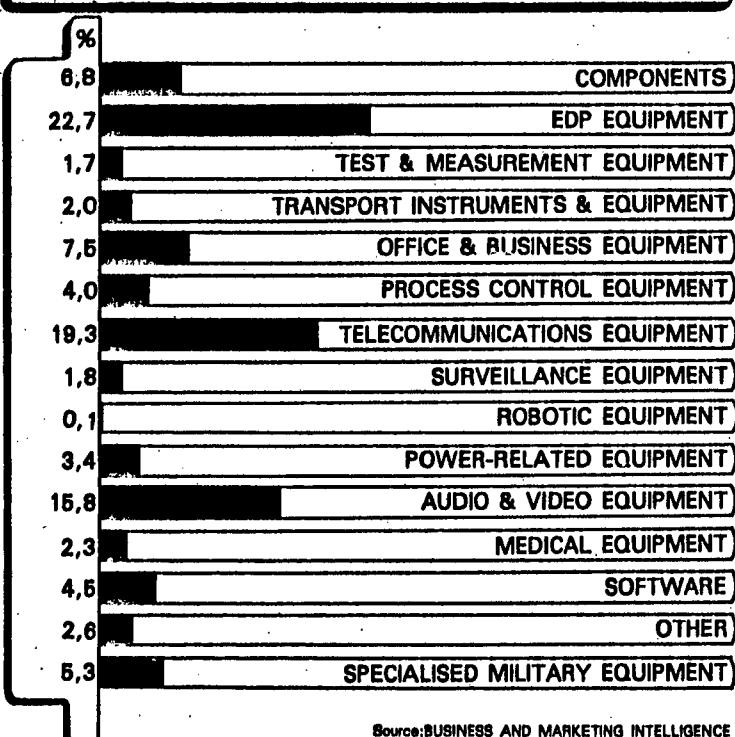
SA is not really at the high-tech edge, says Jacobson.

"In terms of our purchase of technology, we are. We can pick off the shelf a high-tech device made somewhere else with the most advanced processes available."

But if SA does not undertake its own development, he says, it will look to a future without meaningful industry.

"We will be cut off from the rest of the world."

S.A. MARKET FOR ELECTRONIC COMPONENTS, EQUIPMENT & SYSTEMS, 1984



[3 Jan 86 p 2]

[Article by Fred Stiglinch]

[Text] Growth areas in high-tech are easy to recognise: they are the ones in which major manufacturers are involved.

Siemens worldwide has adopted the basic approach to define the major growth areas. They are:

The mega-bit project, as part of the semi-conductor industry. This involves production of highly integrated memory chips, aiming at 4-million bits on one chip;

Communication, including private automatic branch exchange (PABX), which grew into office communication and automation equipment and data processing;

Public networks: a communication infrastructure for a country, operating with voice, image, text and data, and

Factory automation.

Most of the company's research and development (R&D) budget goes into these areas.

In the last three areas, Siemens is locally involved in marketing and design activities.

The company is also doing software development for digital exchange layout in SA.

"Growth in an area such as PABX is dependent on the overall economy," says Siemens joint MD Dietrich Botsch.

Bad times, he says, are good for growth in automation equipment, as it is a facility with which a client can streamline his operation in a recession.

"The same goes for factory automation," he says.

Altech group executive, technology, David Jacobson, says his company resembles a microcosm of SA industry.

It is obvious that there is growth and development opportunities in all its areas.

Electrical engineering, transformers, switchgear, cables, batteries, lighting, protection equipment for transmission lines and systems, and process control fall under Powertech.

Altech is responsible for telecommunications--pulse-code modulation systems, multiplexers, digital communication, switching and digital exchange systems, as well as PABX, integrated circuits, electronic components and professional electronic systems.

The group--as is the case with Siemens--is involved in SA Microelectronic Systems (Sames), and recently added radio communications through acquisition of Motorola.

Jacobson sees possibilities for export in "yesterday's technology", replacement of equipment components, such as integrated circuits, capacitors and resistors.

"In this way SA can market into areas where the giants have already left," he says.

IBM director of marketing and services Tony Dry says ease of use lies at the centre of acceptance and growth in personal computers.

End-users, he says, are increasingly coming up with applications "so the whole area of office productivity becomes enriched".

An increasing number of companies realise information is a valuable resource, he says, "but the more information is used, the more valuable it becomes--hence the demand for accessibility".

The industry has seen a fundamental change which directly influenced its growth: "Whereas computer systems used to address problems of the company--such as running the payroll or debtors--now they address problems encountered by their users."

Nearly all of IBM's large accounts have their own information centres, which indicates they are using computers for a good deal more than number crunching.

A major obstacle in the way of high-tech growth is shortage of skilled people in SA.

The quality of those that are available is up to standard, says Siemens' Botsch, but greater numbers of qualified personnel are needed for design, marketing, support and application.

Shortage of skills, says IBM's Dry, could retard growth of the entire economy. "Vacancies may be fewer during a recession, but were there to be an improvement we would be suffering from a skills shortfall."

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CSO: 3400/1136

SOUTH AFRICA

CIVIL ENGINEERING DESCRIBED IN CRITICAL STATE

Work Volume on Decline

Johannesburg THE STAR BUSINESS in English 22 Jan 86 p 19

[Article by Frank Jeans]

[Text]

South Africa's civil engineering industry, hit by five years of declining work volumes, is now in a state of "serious recession" with little hope of recovery this year.

Although in rand terms the value of work awarded last year was not much different from the previous year, after adjusting for inflation and price increases, the industry's work load was considerably down on 1984 in real price and volume terms.

And adding to the industry's ill-fortune is the fact that the slump has taken toll in the workforce which, according to South African Federation of Civil Engineering Contractors' calculations, has fallen from 125 000 in 1981 to about 89 000 at the end of last year.

Homelands hit

"This loss of at least 36 000 work-places represents nearly 30 percent of the industry's total labour force five years ago, and the number of out-of-work wage-earners together with their dependants could well be as high as 150 000," says Safcec.

Another disturbing feature is that since many civil engineering employees are contract workers the downturn is adding to the economic and unemployment burden in the black homelands and independent states from where these particular workers are drawn.

The federation has little doubt that the poor state of the industry's order books at the start of the year and continuing highly competitive conditions point to further hard times during this year.

"Although it is not known what emphasis will be placed on infrastructure spending in the public sector's 1986 budgets, it appears at this stage that the recession has not yet bottomed out and it is therefore only realistic to expect a further decline in activity before an improvement in conditions occurs," says Safcec.

There were 60 contracts awarded in the "wind-down" month of December, valued at a total of R72 million, and again it was the National Transport Commission that came to the rescue with road works accounting for R30 million of the amount.

Lower volume

The December awards pushed the total work volume for 1985 to 950 contracts with a combined value of R1,3 billion. This compares with 1 040 contracts (R1,4 billion) in the previous year.

The rise in the National Road Fund levy opened the way for 30 NTC contracts, totalling R315 million last year — considerably more than in previous years.

On the other hand, South African Transport Services and Escom issued far less new work last year compared with 1984.

In rand terms, the 1985 total is about six percent below the total value in the year before, and with construction costs last year going up by about 15 percent the drop in volume of new work was about 20 percent.

Drop in Contracts

Johannesburg THE CITIZEN in English 13 Feb 86 p 24

[Text]

CIVIL engineering contracts have remained few and far between for the industry. Only 42 new civil engineering contracts with a combined value of R78-million were reported to the SA Federation of Civil Engineering Contractors (Safcec).

"This reflects the slow flow of new work which is more characteristic for the Christmas season than for January. In 1985 the figure stood higher — at R98-million — and in January 1984 it was a healthy R203-million," a Safcec spokesman said.

"This illustrates the continued state of recession," he said.

Road contracts again dominate the industry, with several large awards contributing about 70 percent to the total value of new contracts.

The two largest projects for January were awarded by the Transkei Government.

Basil Read won the R16.4-million contract to reconstruct 33.3 km of

existing national route 2 between Umtata and Qumbu.

The second-largest contract, worth R13.4-million went to Savage and Lovemore for rebuilding 52 km of existing gravel government road 605 between the Transkei boundary and the Orange River in the Sterkspruit district.

The Lebowa Government awarded Murray and Roberts (Lebowa) the R8.3-million contract for the construction of a tarred road from Malaita to Jane Furse, about 60 km northeast of Groblersdal. It should be completed in 12 months.

Besides road construction, a R2.6-million sewerage contract went to LTA to extend the present sewage treatment works at Knysna.

Ovcon (Cape) Civils won two contracts worth R2.8-million for Caledon Riviersonderend Co-op. — Sapa.

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CSO: 3400/1135

HOTEL INDUSTRY 'FACES COLLAPSE'

Cape Town CAPE TIMES in English 1 Feb 86 p 7

[Article by Roger Williams]

[Text] WARNINGS were sounded in Cape Town yesterday that the hotel industry in the Western Cape, if not in the Republic as a whole, faced collapse if there was no improvement soon in the climate for resumption of large-scale tourism.

Mr Otto Stehlík, managing director of the Protea Hotels group, said it had been established that more than 90 percent of the country's 1 350 graded hotels were losing money.

'Downturn'

"We are in really serious trouble, and unless we can instil confidence in tour operators, with assurances for the safety and security of overseas and other tourists, there is little hope of improvement."

Mr Stehlík and Mr Mike Kovensky, Western Cape chairman of the Federated Hotel, Liquor and Catering Association (Fedhasa), said Cape hotels had suffered a "significant downturn" in business during the summer high season, and that many more hotels faced closure in 1986.

Those that had managed to survive on income from off-sales liquor would not be able to do so for much longer, they warned.

Mr Stehlík said Cape hotels — particularly those on the higher grades — had fared worse than elsewhere, as unrest in this part of the country had not only kept overseas visitors away; it had also had a "very negative" effect among intending holidaymakers from up-country.

"Of every 10 people in Johannesburg who had booked for a Cape holi-

day, at least five cancelled; it's as bad as that."

Mr Kovensky said hotels in the region had reported the greatest incidence ever of "no-shows" — in other words the number of bookings not taken up. In many cases, intending holidaymakers who had cancelled bookings had had to forfeit their deposits.

"In many other cases, where people turned up at the hotels at which they had booked, they stayed only for the period covered by their deposits — usually just a few days.

"In most cases they did not have the money to stay any longer, and a factor here was the smaller bonuses paid by many firms this year, if bonuses were paid at all, and also the general unrest in the country.

"This has been our poorest season for a long time — and this in spite of the fact that hotels have been offering the best-ever value for money."

High season

Mr Kovensky said restaurants had also fared badly over the holidays, with liquor sales down 25 to 30 percent.

Earlier this week the Cape Times quoted Mr John Robert, managing director of Captour, as saying that although the number of callers at the visitors' bureau in central Cape Town in December 1985 was higher than in the previous December, the summer high season had been "definitely shorter" and fewer visitors had stayed in hotels.

He was, however, optimistic about the future of tourism at the Cape, which he was convinced would improve with the economy.

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CSO: 3400/1137

SOUTH AFRICA

BRIEFS

NEW SAFETY CAB FOR FARMERS--PRETORIA--South Africa's vehicle market saw the launch of yet another model yesterday. But this time there was no skimpily-clad long-legged blondes draped over the vehicle; only toughened Agterberg farmers giving it close attention at the launch at Tshipise in the far northern Transvaal. The Rinkhals will not win many prizes for sleek aerodynamic design; its main task is to protect against landmines. Technically it is not a new vehicle, but a V-shaped fortress which slots in to replace the cab on a standard bakkie. It is billed as the first commercial low-cost, mine-protected vehicle for practical use by farmers in South Africa and its unveiling is expected to mark a rash of similar vehicles following the recent landmine blasts in the far northern Transvaal. Each "capsule" has a basic design, offering armour-plating and special safety glass, with a price range of between R10 000 and R15 000. A host of optional extras, such as air-conditioning, radios, two, four or more seats, are available. The vehicle was designed by Coin Security Engineering in collaboration with the CSIR, and the capsules will be fitted at the company's Pretoria factory. First orders are expected to go into production next month. The capsule will fit most bakkies. In the event of a landmine detonation the capsule will remain intact, even if the rest of the vehicle is destroyed. [Text] [Cape Town THE WEEKEND ARGUS in English 1 Feb 86 p 9] /12828

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